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An investigation of the factors influencing the location decisions of Chinese multinational enterprises in Ireland, with particular focus on exploring the impact of human resource and industrial relations considerations

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UNIVERSITY of LIMERICK

OLLSCOIL LUIMNIGH

*An Investigation of the Factors Influencing the Location Decisions
of Chinese Multinational Enterprises in Ireland, with Particular
Focus on Exploring the Impact of Human Resource and Industrial
Relations Considerations*

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Submitted in fulfilment of the requirement for the degree of Doctor of

Philosophy, University of Limerick

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Professor Patrick Gunnigle

Submitted to the University of Limerick, January 2018

ABSTRACT

Despite its small scale and peripheral geographical location, Ireland has been remarkably successful in attracting foreign direct investment (FDI). This achievement is essentially predicated on a blend of incentives for FDI, principally a low level of corporation tax, but also on certain ‘Human Resource’ (HR) factors, namely the availability, quality, flexibility and productivity of the workforce. While these incentives have been demonstrably effective in attracting FDI from the United States and many developed Western economies, Ireland has attracted quite limited inward investment from Asia in general, and from China in particular, despite the fact that China is now recognized as one of the world’s largest sources of outward FDI.

This thesis seeks to partially address this conundrum by empirically investigating Chinese Multinational Enterprises (MNEs) investing in Ireland, with particular focus on exploring the impact of human resource and industrial relations (HR/IR) considerations on their decisions to locate in Ireland. To achieve this research aim, the thesis explores two specific research objectives: (i) to identify and profile the population of Chinese MNEs investing in Ireland; and (ii) to empirically investigate the impact of identified factors on the location decisions of Chinese MNEs investing in Ireland. For the second research objective, the identified factors are categorised and explored under two different headings, i.e., socio-economic factors and HR/IR factors.

Overall, the results of this empirical investigation confirm the low level of Chinese FDI in Ireland, but in so doing identify two distinct waves of FDI by Chinese MNEs. These will be referred to, respectively, as ‘early’ (early 1980s to late 1990s) and ‘later’ (2000-2014) Chinese investors. Furthermore, this study finds that certain HR/IR and more general factors had

different effects on these two categories of Chinese FDI. The thesis discusses and analyses the underpinning reasons for any variation observed in this regard. More broadly, the thesis sheds light on the surprisingly low level of Chinese FDI in Ireland, a country widely seen as a magnet for FDI. It concludes that although HR/IR factors can help to explain this, they can only do so to a limited extent. The thesis argues that a more satisfactory explanation can be found by exploring the primary investment motives of Chinese MNEs, and the impact of geo-political factors in this context.

DECLARATION

I declare that this thesis is my own work and has not been submitted to any other university or higher education institution, or for any other academic award. To the best of my knowledge and belief, any contribution made to the research by others with whom I have worked is explicitly acknowledged in the thesis. I also declare that citations of secondary works have been fully acknowledged and referenced in the thesis.

Yanyi Wang

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TABLE OF CONTENTS

ABSTRACT	i
DECLARATION	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	vii
LIST OF TABLES	xii
LIST OF FIGURES	xiii
LIST OF ABBREVIATIONS	xiv
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction.....	1
1.2 Research Aim and Research Objectives	1
1.3 Research Background	3
1.4 Methodology and Contribution.....	4
1.5 Thesis Structure.....	6
CHAPTER TWO: WHY CHOOSE IRELAND AS THE HOST COUNTRY AND CHINA AS THE HOME COUNTRY?	9
2.1 Introduction.....	9
2.2 Charting FDI in Ireland.....	9
Origin and Evolution of FDI in Ireland	10
The Importance of FDI for Ireland	11
Ireland’s Success in Attracting FDI.....	14
Key Contributing Factors.....	17
2.3 Outward FDI from China.....	20
Growing Outward FDI from China.....	20
Chinese FDI: Global Distribution and into the EU.....	22
Research Gaps in Scholarship on Chinese FDI/MNEs.....	25

Chinese FDI in Ireland: 2003-2013	27
2.4 Conclusion	31
CHAPTER THREE: FACTORS IMPACTING THE FDI LOCATION DECISION	33
3.1 Introduction.....	33
3.2 Theoretical Framework for Investigating FDI Location Decision	33
Internalisation Theory	35
Dunning’s Eclectic Paradigm	37
The Theoretical Implications of Dunning’s Eclectic Paradigm and the Internalisation Theory for Analysis of the Impact of HR/IR on FDI	40
Theoretical Framework for Investigating Chinese FDI in Ireland.....	42
3.3 Previous Academic Research on the Impact of HR/IR on FDI	44
The Work of Cooke and his Colleagues	44
The Work of Ham and Kleiner	46
Group of Irish Studies.....	47
3.4 Summary of Existing Literature on Specific HR/IR Factors Identified for Investigation	48
Labour Costs	50
Labour Quality and Labour Availability.....	52
Labour Regulation and Industrial Relations	53
3.5 Conclusion	55
CHAPTER FOUR: METHODOLOGY	57
4.1 Introduction.....	57
4.2 Research Aim and Objectives.....	57
4.3 Research Approach	58
Deductivism and Inductivism	58
Positivism and Interpretivism	59
Quantitative and Qualitative Research.....	61
4.4 Research Design.....	64
Defining Chinese MNE for Investigation	64
Compiling a List of Chinese MNEs in Ireland	65

4.5 Research Instrument.....	68
Qualitative Semi-Structured Interview	68
Identifying Key Interview Candidates	70
Formulating Interview Guidelines	72
Ethical Considerations	74
4.6 Pilot Testing	74
4.7 Main Fieldwork Stage.....	75
Sample of Chinese MNEs Investigated	75
List of Interviews Conducted.....	78
4.8 Data Analysis	83
Technical Adequacy.....	83
Data Analysis	84
4.9 Conclusion	90
CHAPTER FIVE: EMPIRICAL FINDINGS	91
5.1 Introduction.....	91
5.2 The Characteristics of Chinese MNEs Operating in Ireland	91
5.3 The Impact of Socio-economic and Political Factors on Chinese FDI in Ireland	96
Market.....	98
Infrastructure and Logistics	103
Corporate Tax	104
Financial Grants	109
Ireland’s IPAs	112
Business Laws and Regulations.....	114
English-Language Skills	118
Culture.....	120
Political Issues	124
5.4 The Impact of HR/IR Factors on Chinese FDI in Ireland.....	128
Labour Costs	129
Labour Quality and Labour Availability.....	132
Labour Regulation and Industrial Relations	136

5.5 Conclusion	139
CHAPTER SIX: DISCUSSION AND ANALYSIS.....	140
6.1 Introduction.....	140
6.2 Chinese FDI/MNEs in Ireland	140
Market-Seeking and Strategic-Asset-Seeking Investment Motives	141
Geo-political Investment Motives.....	143
Limited Efficiency-Seeking Chinese FDI in Ireland	148
6.3 The Impact of Socio-Economic and HR/IR Factors on Chinese FDI in Ireland	151
The Impact of Socio-Economic Factors on Chinese FDI in Ireland.....	152
The Impact of HR/IR Factors on Chinese FDI in Ireland.....	162
Overall Discussion	166
6.4 Conclusion	169
CHAPTER SEVEN: CONCLUSIONS, CONTRIBUTION, LIMITATIONS, FUTURE RESEARCH AND PERSONAL DEVELOPMENT.....	171
7.1 Introduction.....	171
7.2 Conclusions.....	171
7.3 Contribution	173
Theoretical and Empirical Contribution	173
Practical Contribution	176
7.4 Limitations	178
7.5 Recommendations for Future Research	179
7.6 Personal Learning and Development	181
Conceptual Development.....	182
The Challenge of Profiling the Population of Chinese MNEs.....	182
The Challenge of Conducting Interviews	183
Data Analysis	183
Teamwork	184
Publication Skills	185
Conference and Forum Participation	186
Academic Job Application.....	187

7.7 Conclusion	187
REFERENCES	189
APPENDICES	207
Appendix A: Variables and Sources Used in Cooke and Noble’s Model	207
Appendix B: Variables and Sources Used in Ham and Kleiner’s Model	208
Appendix C: Interview Guide for Chinese Multinational Enterprises.....	210
Appendix D: Interview Guide for Individual Expert Informants	213
Appendix E: University of Limerick Ethics Approval	216
Appendix F: Additional Qualitative Quotes	223
Appendix G: Publication Emanating from this Thesis	247

LIST OF TABLES

Table 1: Phases of Irish Trade Integration.....	10
Table 2: Permanent and Full-time Employment by Irish and Foreign Agency-Assistant Companies: 2002-2011.....	12
Table 3: Top 10 Destination Countries in Europe in 2011 and the Percentage Change since 2010.....	15
Table 4: Summary of Key Factors Impacting Inward FDI in Ireland.....	18
Table 5: China’s Outward FDI to World’s Major Economies, 2013 (Billions of Dollars).....	24
Table 6: China’s Outward FDI to Developed Economies, 2013 (millions of dollars).....	24
Table 7: Industrial Distribution of China’s Outward FDI to the EU 2013 (millions of dollars).....	25
Table 8: China’s Outward FDI Flows and Stocks Invested in Ireland and the EU (2005-2013) (millions of US \$).....	29
Table 9: Fundamental Differences between Quantitative and Qualitative Research Strategies.....	62
Table 10: Summary of Key Interviewees.....	71
Table 11: Pilot-interview Schedule.....	74
Table 12: Profile of MNE Subsidiary Participants.....	77
Table 13: List of Interviews Conducted.....	78
Table 14: Details of All Interview Participants.....	81
Table 15: Qualitative Coding Structure.....	85
Table 16: Profile of Chinese MNEs in Ireland (1982 to 2014).....	92
Table 17: The Impact of Socio-economic and Political Factors on the Location Decisions of the Eight Chinese MNEs Investigated.....	97
Table 18: The Impact of HR/IR Factors on the Location Decisions of the Eight Chinese MNEs Interviewed.....	129

LIST OF FIGURES

Figure 1: Trends in Permanent and Full-time Employment in Agency-Assisted Companies: 2002-2011	13
Figure 2: Trends in Permanent & Full-time Employment by Irish and Foreign Agency-Assisted Companies by Sector: 2002-2011	14
Figure 3: Global FDI Outflows, Top 20 Home Economies, 2012 and 2013 (Billions of Dollars)	21
Figure 4: China's Outward FDI Flows into Ireland (2003-2010) (Millions of US \$)	27
Figure 5: China's Outward FDI Stocks to Ireland (2003-2010) (millions of US \$)	28
Figure 6: Ireland's Total Inward FDI stocks, US Outward FDI Stocks in Ireland and Chinese Outward FDI Stocks in EU & Ireland (2003-2013) Millions of US dollars	31
Figure 7: Dunning's Eclectic Paradigm and The Internalisation Theory	38
Figure 8 Theoretical Framework for Investigating Chinese FDI in Ireland	42

LIST OF ABBREVIATIONS

ACFTU: China's Labour Union Federation

ASEAN: Association of Southeast Asian Nations

CEO: Chief Executive Officer

CRO: Companies Registration Office

CSO: Central Statistics Office

EEA: The European Economic Area

EEC: The European Economic Community

EU: The European Union

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

GNP: Gross National Product

HK: Hong Kong

HQ: Headquarter

HR: Human Resource

HRM: Human Resource Management

IB: International Business

ICBA: The Ireland-China Business Association

ICT: Information and Communications Technology

IDA Ireland: The Industrial Development Authority of Ireland

IIEA: The Institute of International and European Affairs

ILO: The International Labour Organization

IP: Intellectual Property

IPA: Industrial Promotion Agency

IR: Industrial Relations

KBS: Kemmy Business School

M & As: Mergers and Acquisitions

MOFCOM: The Ministry of Commerce of the People's Republic of China

MNEs: Multinational Enterprises

OECD: The Organization for Economic Co-operation and Development

O-L-I: Ownership- Location- Internalization

PhD: A Doctor of Philosophy

PRSI: Pay Related Social Insurance

R & D: Research and Development

SOEs: The State-Owned Enterprises

UK: The United Kingdom

UL: University of Limerick

UNCTAD: The United Nations Conference on Trade and Development

US: United States

USA: United States of America

CHAPTER ONE: INTRODUCTION

1.1 Introduction

This introductory chapter seeks to summarise and contextualise the research that was undertaken and to provide an overview of the thesis for the reader. It begins by outlining the research aim and objectives of this study. Following this, the research background and rationale for this study are presented and addressed. A brief description of the methodological approach employed, and the key contributions of this research is then provided. The chapter concludes with an outline of the overall structure of the thesis.

1.2 Research Aim and Research Objectives

Despite its small scale and peripheral location, Ireland has enjoyed remarkable success in attracting foreign direct investment (FDI). This success is largely attributed to a combination of incentives for FDI, principally low corporation tax, and a pronounced emphasis on what might be broadly described as ‘Human Resource’ (HR) factors, namely features related to workforce education and training; to labour availability, quality, productivity and flexibility; and to the country’s talent pipeline (Mayuya and Jacobson 1991; Gunnigle & McGuire 2001; Barry 2004; IDA Ireland 2015b, 2016). Although these incentives have been demonstrably successful in attracting FDI from the United States (US) and from many developed Western countries (Barry 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012), Ireland has attracted very little investment from Asia in general, and from China in particular (Lavelle 2008; Lavelle et al. 2009). This is surprising, given that China is now recognized as one of the world’s largest sources of outward FDI (MOFCOM 2009; MOFCOM 2014). This thesis seeks to partially address this conundrum by empirically investigating the factors that have influenced the location decisions of Chinese multinational enterprises (MNEs) investing in Ireland, with particular focus on exploring the impact of human resource and industrial

relations (HR/IR) considerations. To achieve this research aim, the thesis has two specific research objectives, presented as below:

(1) To profile the population of Chinese MNEs investing in Ireland

(2) To investigate the impact of the following factors on the location decisions of Chinese MNEs in Ireland:

- a) Socio-economic factors
- b) HR and IR factors

The above research aim and objectives are primarily derived from previous academic studies. Overall, the literature review finds that the extant literature on FDI location focuses primarily on applying mainstream theories — from economics, research on international business (IB) and scholarship on institutional and cultural perspectives — and pays limited attention to the impact of HR and IR on FDI location. There are some exceptions, however, since some scholars did find that certain HR and IR issues had influenced the location decisions of companies involved in FDI (Cooke 1997; Gunnigle and McGuire 2001; Kleiner and Ham 2003). Naturally, these studies provided important pointers for the present analysis. In the case of Chinese FDI/MNEs, while observing an increasing body of academic inquiry on Chinese FDI/MNEs, there are still significant research gaps that need to be filled, notably including the urgent needs of developing a comprehensive database, collecting more extensive empirical data and conducting more in-depth scholarly analysis.

By using the term ‘HR/IR,’ this thesis attempts to adopt and explore generic concepts of human resources and industrial relations in their broad sense. The aim here is to embrace all issues of and approaches to labour and workforce management, including labour costs, quality, supply, regulation and trade union coverage and recognition, in a similar fashion that has been extensively deployed in the extant literature (Mayuya and Jacobson 1991;Cooke 1997; Cooke

and Noble 1998; Boxall 1999; Gunnigle and McGuire 2001; Voss 2001; Storey 2007; Collings 2008).

1.3 Research Background

In addition to consolidating its status as a major recipient of FDI, China has also emerged as a significant source of outward FDI. In fact, FDI net outflows from China reached a record level of \$107.84 billion in 2013, which made China the third-largest source of outward FDI (MOFCOM 2014; UNCTAD 2014). In the extant literature, while identifying an increased scholarly inquiry on Chinese FDI/MNEs in recent years, more comprehensive empirical data is needed that might enable us to better analyse and conceptualise FDI behaviours by Chinese MNEs. It is also observed that previous work on patterns of, and motives for, outward FDI by Chinese MNEs has been largely based on evidence from Chinese MNEs in either emerging economies (e.g. in Asia and Africa) or larger developed economies (e.g. United States, Canada, Australia, Germany and the UK) (Buckley et al., 2008; Cooke and Lin 2012; Kang and Jiang 2012). However, quite a few smaller developed countries are also important host locations for FDI, notably Switzerland, the Netherlands, Sweden, Singapore, Spain and Ireland (UNCTAD 2004; Edquist and Hommen 2008; Blomkvist and Drogendijk 2016).

The Irish case is particularly noteworthy, given its track record in consistently attracting high levels of inward FDI for the best part of fifty years (Barry 2007) and its status as one of the world's most economically globalized economies (continuously ranked 1st or 2nd since 2009 according to the KOF index of globalization, KOF 2015). Over the ten-year period from 1993 to 2003, Ireland was the largest net recipient of FDI in the Organisation for Economic Co-operation and Development (OECD), recording a cumulative balance of inflows over outflows of \$93.3 billion (OECD 2004). Although Ireland was one of the countries most detrimentally impacted by the global financial crisis, it continued to attract FDI throughout the global recession of 2008. In 2013, for example, Ireland attracted some \$35.5 billion FDI inflows,

making it the third largest recipient of FDI inflows in the European Union (EU), with the total value of Ireland's inward FDI amounting to about \$378 billion (UNCTAD 2014). Ireland's performance in attracting mobile FDI has been hailed as a successful model of national economic development (MacSharry and White 2000; UNCTAD 2004; Rios-Morales and Brennan 2007), a model that is arguably superior to those found in traditionally larger host economies such as the United Kingdom (UK) and Germany (Rios-Morales and Brennan 2007). However, deeper analysis reveals that the great bulk of FDI in Ireland originates from the US and Europe, and remarkably little FDI has come from Asia in general, and from China in particular (Lavelle 2008; Lavelle et al. 2009). For instance, a detailed survey of MNEs in Ireland found that the majority of Ireland's inward FDI emanated from the US (48%) while just 3% came from all of Asia (Lavelle et al. 2009). According to the available official data released by the *Ministry of Commerce of People's Republic of China* (MOFCOM), Chinese FDI in Ireland is low, and Ireland has never featured among the top destinations for Chinese FDI into the EU (MOFCOM 2009, 2014). For example, by the end of 2013, the total value of Chinese FDI in Ireland amounted to only \$0.32 billion, whereas the total value of US FDI in Ireland was \$247.76 billion (MOFCOM 2014; US Department of Commerce 2015). This is arguably surprising, given ten years of FDI promotion in China by Ireland's national industrial promotion agency (IPA), IDA Ireland (Industrial Development Authority of Ireland), which is widely regarded as one of the world's most effective investment promotion agencies (Leowendahl 2001). Consequently, Ireland's failure to attract a higher proportion of Chinese outward FDI seems to be an anomalous phenomenon that merits further research.

1.4 Methodology and Contribution

As illustrated above, this study has two research objectives, viz. to profile the population of Chinese MNEs investing in Ireland and to empirically investigate the factors influencing the

location decisions of Chinese MNEs investing in Ireland, with particular focus on exploring the impact of HR/IR considerations on their location decisions.

With respect to the methodological approach employed in this study, the first objective, to profile the population of Chinese MNEs investing in Ireland, was achieved by drawing on primary and secondary data from a wide range of sources, including *United Nations Conference on Trade and Development* (UNCTAD), OECD, MOFCOM, IDA Ireland, Enterprise Ireland, the Chinese Embassy in Ireland, related commercial chambers and associations (e.g. *Huaxia Chamber of Commerce*, *Association of Chinese Professionals in Ireland*, *Ireland-China Business Network* and *Ireland-China Business Association*) and some popular media (e.g. the *Irish Times* archive). For the second research objective, which is to investigate the factors (including HR/IR factors and general socio-economic factors) influencing the location decisions of Chinese MNEs in Ireland, a primarily qualitative methodology involving semi-structured interviews was employed. This qualitative, methodological approach employment was intended to garner rich and novel insights and perspectives from the interview respondents on research topics. The scope of the interview process covered both senior managerial personnel employed in Chinese MNEs and other key expert informants who are independent from Chinese MNEs. Among the latter group are personnel from IPAs and other bodies with particular knowledge of FDI/Chinese FDI as well as research scholars in the field of FDI. The overall objective that guided the selection of interview respondents was to acquire a fully rounded perspective on each of the topics under investigation. More detailed information on the research methodology can be found in Chapter Four.

This is the first study of its kind to empirically investigate Chinese FDI/MNEs in Ireland. By using the qualitative methodology outlined above for the two research objectives identified, this thesis makes a substantial conceptual and empirical contribution to the growing body of

literature on Chinese FDI/MNEs. By analysing cases of Chinese FDI in Ireland, for instance, it provides further support for existing FDI theories (e.g. Dunning's eclectic paradigm) in explaining Chinese FDI into Ireland, while also identifying some respects in which these theories are limited. Furthermore, this study adds empirical evidence and valuable insights to the existing literature on the impact of HR/IR on FDI location decisions. In addition, this work sheds light on an anomalous phenomenon, the limited presence of Chinese FDI/MNEs in Ireland, which is in marked contrast with the high levels of US FDI/MNEs in Ireland. Finally, at the practical level, this study provides valuable information and has practical implications for public-policy makers and institutional actors, particularly in terms of how they might develop more effective incentives to attract FDI from Chinese MNEs.

1.5 Thesis Structure

The remainder of this thesis is structured as follows.

Chapter Two presents a detailed overview of the research background and context in which this study was conducted, primarily by reviewing previous scholarly inquiry on the pertinent areas of the Irish experience of attracting inward FDI, growing outward FDI from China, and on the FDI experience of Chinese MNEs in other jurisdictions and geographies. In so doing, the rationale for selecting Ireland as host country and China as home country is presented and addressed. Furthermore, the gaps in the existing literature on the subject are clearly identified. This chapter also presents secondary data on the anomalous phenomenon that Chinese FDI in Ireland has been so limited, compared to the high levels of US FDI in Ireland.

Chapter Three reviews the extant literature in the field and illustrates the theoretical framework developed and employed in the present study. The rationale underpinning the research aim of investigating the impact of HR/IR on the location decisions of Chinese MNEs in Ireland is presented and addressed. Further details about this body of scholarly inquiry and specific socio-

economic and HR/IR factors identified for investigation are outlined and discussed in Chapter Three.

Chapter Four outlines the methodological approach adopted in this study and specifically explains the rationale for selecting its research methodology. Details of the study's methodological design and approach are offered in this chapter. Significant information about the decisions that the researcher made while collecting and analysing data is also provided. Finally, this chapter provides an in-depth illustration of the methodological challenges and obstacles experienced during the research process.

Then, in Chapter Five, the empirical findings of this study are presented. These findings are structured by addressing the two research objectives. The chapter begins by profiling the population of Chinese MNEs involved in overseas investment in Ireland. The analyses of these companies cover such details as their years of operation, their specific investment sectors, their employment numbers, their investment methods, and so on. The chapter then proceeds to illustrate empirical findings associated with the factors investigated with respect to their impact on the location decisions of Chinese MNEs in Ireland, including the general socio-economic and HR/IR factors.

Chapter Six analyses and discusses the previous chapter's empirical findings. The chapter addresses and provides some preliminary explanation for the anomalous IB phenomenon identified at the beginning of the thesis, the limited presence of Chinese FDI in Ireland, which contrasts markedly with high levels of US FDI in Ireland. Furthermore, this chapter specifically examines empirical findings associated with the respective impact of HR/IR factors and general socio-economic factors on Chinese FDI in Ireland. The empirical findings are also analysed and reviewed in light of similar studies of US MNEs in Ireland, which investigated the impact of broadly equivalent factors.

The theoretical contributions and practical implications of this study are identified and addressed in Chapter Seven. This concluding chapter also outlines the limitations of this study and identifies potential avenues for future research. The chapter ends by reflecting in some detail on what the author has learned in both professional and personal terms during the course of this study.

CHAPTER TWO: WHY CHOOSE IRELAND AS THE HOST COUNTRY AND CHINA AS THE HOME COUNTRY?

2.1 Introduction

The primary aim of this chapter is to set out the research context and background in which this study was conducted. This is achieved by firstly charting the Irish experience of successfully attracting inward FDI. The rationale for selecting Ireland as a host country for the present inquiry is presented and discussed. Key topics explored in this section include the origin and evolution of FDI in Ireland, the critical importance of FDI to Ireland, Ireland's success in consistently attracting high levels of inward FDI over decades, and the contributing factors identified in the extant literature to explain Ireland's success in attracting FDI. Following this, the chapter then reviews previous scholarly inquiry on the pertinent area of the growing outward FDI from China and the FDI experience of Chinese MNEs in other jurisdictions and geographies. The rationale for selecting China as home country is presented and addressed in addition to a clear demonstration of the gaps in this body of literature to date. Furthermore, some secondary data with respect to Chinese FDI in Ireland is also presented in this chapter. This is then discussed and reviewed in light of Chinese FDI invested elsewhere (in other EU countries, for example) and Ireland's experience in attracting inward FDI (such as US FDI).

2.2 Charting FDI in Ireland

Regarding globalization and host locations for FDI activities, Ireland, despite being a small country in terms of population and geographic scale, is especially noteworthy given its track record in consistently attracting high levels of inward FDI for well over 50 years (Barry 2007) and its status as one of the world's most economically globalised economies. The extant literature indicates that Ireland has been hailed as a successful model of national economic development (MacSharry and White 2000; UNCTAD 2004; Rios-Morales and Brennan 2007).

As such, it is important to illustrate the origin and evolution of FDI in Ireland, which will be done in the next section.

Origin and Evolution of FDI in Ireland

The origin of Ireland’s appeal as a location for FDI can be traced back to its economic and industrial revolution in the late 1950s. In 1956, Ireland introduced the policy of *Export Profits Tax Relief*, which provided tax remissions and tax reliefs on export sales and applied to both domestic and foreign firms in Ireland (Barry 2007, 2011). This industrial policy shifted Ireland’s industrial focus from domestically centred production towards international exporting (Barry 2011). Following this, in 1958, a white-paper report called *Economic Development* was published by T.K. Whitaker of the Department of Finance. Based on Whitaker’s report, Ireland then initiated a national economic recovery plan entitled *Programme for Economic Expansion* (1959-1963), which dismantled Ireland’s previous policy of protectionism and heralded a new era for the Irish economy. Since then, Ireland has adopted an economic development strategy of ‘*Industrialisation-by-Invitation*’ over the past six decades (Barry 2011), which has a more outward-looking attitude and always prioritises the need to attract FDI.

Arguably, the development path of FDI in Ireland can be understood as an institutional co-evolution path (Barry 2011; Monaghan 2013). According to studies published by Barry (2004, 2007), the development path of Ireland’s industrial policies and economic activities can be divided into four distinct phases. These four distinct phases, which also effectively chart the evolution of FDI in Ireland, are presented in the following table.

Table 1: Phases of Irish Trade Integration

<i>Phase of Activity</i>	<i>Period</i>	<i>Characteristic of Activity</i>
<i>Phase 1</i>	(late 1950s – 1973)	From protectionism to EU accession
<i>Phase 2</i>	(1973 – 1987)	From EU accession to the Single-Market era

<i>Phase 3</i>	(1987 – Recent Times)	The Single Market, services offshoring and the Celtic Tiger
<i>Phase 4</i>	Recent Times	Science, technology and innovation policy; and the offshoring of R&D functions

[Source: Barry (2007, pp. 264 -272)]

As shown in Table 1 and in the above paragraph, since the late 1950s, prioritizing FDI and exports has endured as a fundamental aspect of Ireland’s economic-development strategy. Under this development strategy, substantial fiscal and financial incentives (e.g. low corporate tax, financial grants, etc.), a low-cost base and a specifically FDI-driven agenda overseen by IDA Ireland were used to encourage MNEs to locate FDI activities in Ireland (Barry 2007; Monaghan 2013). Over the next two decades, these FDI-promotion incentives and strategies were accentuated by Ireland’s accession to the EU and its concerted focus on upgrading its educational system. Ireland consequently achieved prodigious success in attracting mobile FDI by MNEs (particularly FDI from US MNEs), which was manifest in the disproportionate numbers of MNEs located in Ireland and in consistently high levels of inward FDI from the early 1960s (Rios-Morales and Brennan 2009). This in turn presents strong evidence of the country’s success in using FDI as a catalyst for national economic growth (Rios-Morales and Brennan 2009).

The Importance of FDI for Ireland

Ireland has explicitly harnessed the attraction of inward FDI as a vehicle for its economic development for over five decades (Rios-Morales and Brennan 2007; UNCTAD 2014; Bailey and Lenihan 2015). The literature to date shows that FDI has played a crucial role in various aspects of Ireland’s economic development, including its increased exporting performance, employment, productivity advancement, education, innovation, skills development and upgrading, etc. (Barry 2004; Barry and Bergin 2012). For instance, reports from Ireland’s

national policy advisory board, Forfás,¹ showed that Ireland's export performance in manufacturing and services was significantly reliant on foreign-owned companies in Ireland, actually accounting for about 87% of the total exports from Ireland (Forfás 2006). According to the *Annual Employment Surveys* published by Forfás, over the period from 2002 to 2011, employment within MNEs in Ireland had consistently accounted for over half of Ireland's total employment (permanent and full-time) (Forfás 2010, 2011). Table 2 and Figure 1 below illustrate permanent and full-time employment within Irish-owned and foreign-owned companies in Ireland over the period from 2002 to 2011, and the employment trends therein over the same period.

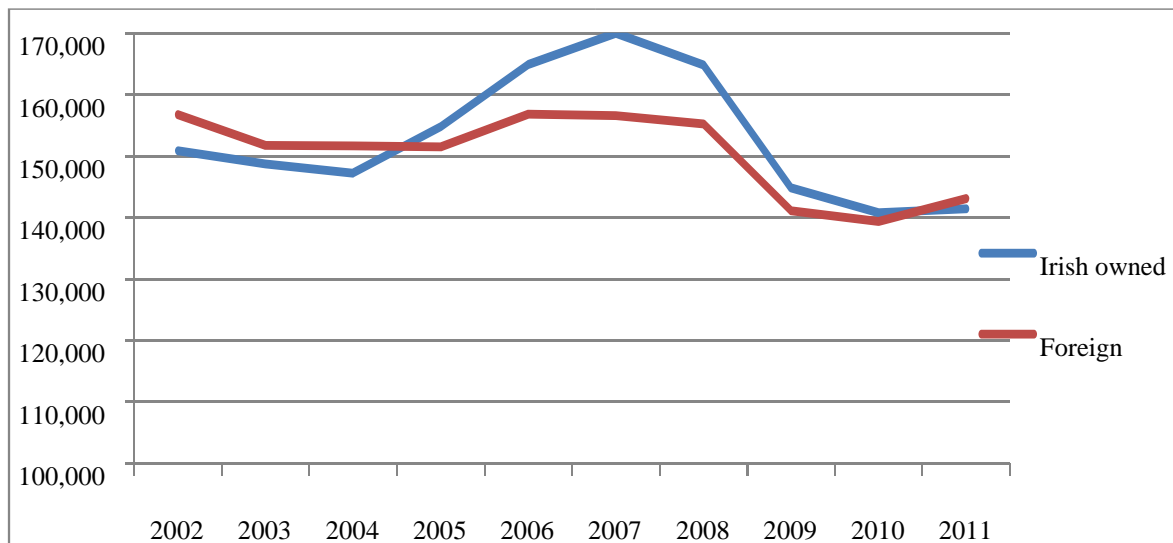
Table 2: Permanent and Full-time Employment by Irish and Foreign Agency-Assistant Companies: 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Irish	150,842	148,730	147,240	154,741	164,881	170,011	164,824	144,857	140,763	141,392
Foreign	156,746	151,729	151,636	151,532	156,815	156,547	155,197	141,094	139,375	143,079
All owners hip	307,588	300,459	298,876	308,273	321,696	326,558	320,021	285,591	280,138	284,471

Source: Forfás Annual Employment Survey 2011:7

¹ Forfás is Ireland's national policy advisory board for enterprise, trade, science, technology and innovation. Forfás produces its own reports and provides research and administrative support to independent advisory groups.

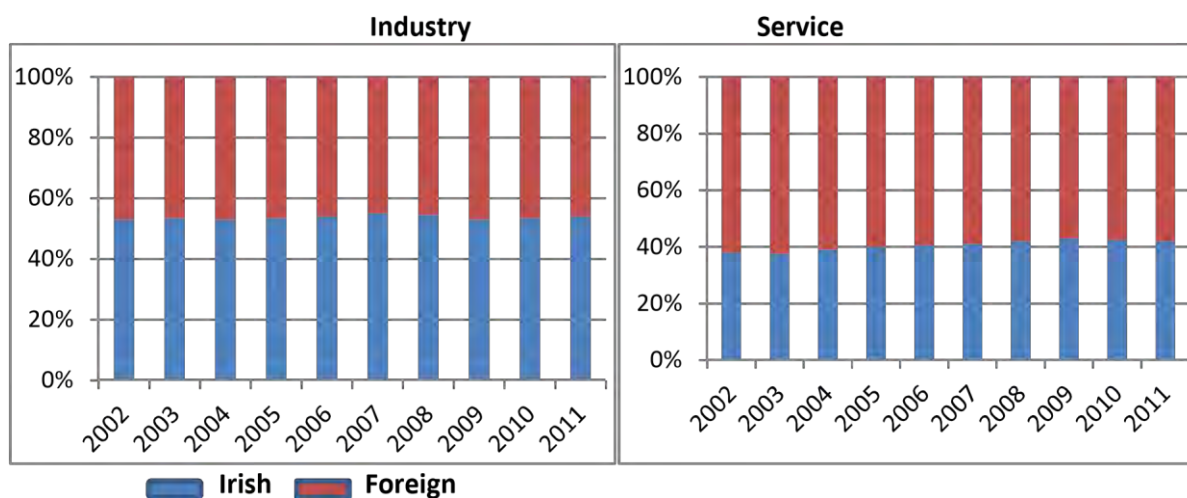
Figure 1: Trends in Permanent and Full-time Employment in Agency-Assisted Companies: 2002-2011



[Sources: Forfás 2010, 2011.]

Employment trends within Irish and foreign affiliates over the period from 2002-2011 are illustrated (by sector) in Figure 2. Figure 2 shows that in the industrial sector, foreign-owned companies hired almost half of the total number of Irish employees, without much fluctuation in this proportion over the period from 2002 to 2011. With respect to the service sector, employment within foreign-owned companies accounted for a higher percentage of total Irish employment, reaching record levels of 62% in 2002 and 58% in 2011. It was reported that, from 2002 to 2008, foreign-owned firms in the service sector created about 10,000 new jobs for Ireland. Despite the financial crisis of 2008, foreign-owned companies continued to make a high contribution to the Irish employment, creating 6,141 new jobs in 2009. By 2011 Ireland was reported to have returned to the levels of 2008 (Forfás 2010, 2011).

Figure 2: Trends in Permanent & Full-time Employment by Irish and Foreign Agency-Assisted Companies by Sector: 2002-2011



Source: *Forfás Annual Employment Survey 2011*, p.10

The existing literature provides significant evidence to support Ireland’s potential significance in any discussion of globalisation, MNEs, and FDI (Gunnigle and McGuire 2001; Barry 2004, 2007; McDonnell et al. 2007; Lavelle 2008; Lavelle et al. 2009; Barry 2011; Barry and Bergin 2012; Monaghan 2013). The latest work by Barry and Bergin (2012) suggests that the attraction and retention of FDI continues to rank as a key public policy priority for Ireland in its efforts to extricate itself from the impact of the financial crisis of 2008.

Ireland’s Success in Attracting FDI

In the extant literature, significant evidence indicates Ireland’s prodigious success in attracting mobile FDI over the past five decades. From the mid-1990s to the mid-2000s, Ireland saw ‘an era of rapid economic growth, rising living standards and full employment’ (Brennan and Verma 2010, p.1). This was commonly referred to as the ‘Celtic Tiger’ era (Brennan and Verma 2010, p.1). Over the eleven-year period from 1993 to 2003, Ireland was the largest net recipient of FDI in OECD countries, recording a cumulative balance of inflows over outflows of \$93.3 billion (OECD 2004).

More recently, Ireland has been identified as one of the world's most FDI-dependent economies (Barry 2004; Lavelle et al. 2009; Barry and Bergin 2012) and as one of the world's most economically globalised economies. Despite being one of the countries most detrimentally impacted by the global financial crisis, Ireland continued to attract FDI throughout the global recession of 2008 (UNCTAD 2009, 2014). In 2011, for example, Ireland was reported to have attracted 186 significant investment projects from overseas. This placed Ireland seventh in Europe in terms of the total population of FDI projects attracted (see Table 3) (FDI Intelligence 2012). In 2013, Ireland attracted some \$35.5 billion FDI inflows, making it the third largest recipient of FDI inflows in the EU, with the total value of Ireland's inward FDI having now accumulated to about \$ 378 billion (UNCTAD 2014).

Table 3: Top 10 Destination Countries in Europe in 2011 and the Percentage Change since 2010

Country	No. of projects	% changed on 2010
UK	896	+13%
Germany	551	-22%
Russia	319	-16%
France	281	-2%
Spain	252	+0.4%
Poland	227	-13%
Ireland	186	+22%
Netherlands	185	+29%
Romania	177	+20%
Czech Republic	136	-5%
Total	4639	

[Source: FDI Intelligence 2012.]

Ireland is perceived by senior executives in MNEs as a very competitive host location for inward FDI and as one of the world's top countries in which to set up FDI activities or start international businesses (IMD 2000; Dutta 2012; IMD 2012). Ireland's overall performance in attracting mobile FDI, particularly in attracting US FDI, has far outweighed the average for Europe and has been heralded as a successful model of national economic development (MacSharry and White 2000; UNCTAD 2004; Rios-Morales and Brennan 2007). This Irish model is arguably superior to those found in a number of its European counterparts, such as Italy, Netherlands, Spain, Poland, Romania, etc. (UNCTAD 2004; Rios-Morales and Brennan 2007; UNCTAD 2011, 2014). According to the latest reports from IDA Ireland, the body with primary responsibility for attracting FDI/MNEs into Ireland, by the end of 2015, more than 1,200 MNEs had established significant operations in Ireland, including such leading firms as Microsoft, IBM, HP, Apple, Intel, SAP, Citi, Google and Facebook. These MNEs have hired about 187,056 employees in Ireland (IDA Ireland 2015a). This employment figure may well be understated, given that not all MNEs operating in Ireland receive financial or other assistance from bodies like IDA Ireland and may therefore not be reflected in their reports (McDonnell et al. 2007; Lavelle et al. 2009).

As pointed out in the Introduction, deeper analysis of Ireland's inward FDI reveals that the great bulk originates from the US and Europe and remarkably little FDI from Asia in general, and from China in particular (Lavelle 2008; Lavelle et al. 2009). For instance, a comprehensive survey of MNEs operating in Ireland by Lavelle et al. (2009) found that the majority of Ireland's inward FDI emanated from the US (accounting for about 48%) whereas just 3% came from all of Asia. In effect, the large scale of US FDI in Ireland was significantly captured in a few recent reports published by the American Chamber of Commerce in Ireland (Quinlan 2013; Hamilton and Quinlan 2014). Over the period from 2008 to 2012, US FDI in Ireland amounted to \$129.5 billion, which was about fourteen times the amount of US FDI in China (Quinlan

2013). In addition, it was reported that exports from US MNE subsidiaries in Ireland were valued at almost \$240 billion by the end of 2011, achieving a five-fold increase over the twelve-year period from 2000 to 2011 (Hamilton and Quinlan 2014). This figure is about five times greater than that for US subsidiaries in China (Hamilton and Quinlan 2014). In fact, by the end of 2013, the total value of US FDI in Ireland amounted to \$247.76 billion (US Department of Commerce 2015). This represents quite a remarkable achievement for a country of just over 4.5 million people or approximately 1% of the EU population.

Key Contributing Factors

As discussed above, Ireland has for several decades been a beacon for FDI by MNEs and has used this to successfully transform its economy. Having evolved over time (as addressed above and illustrated in Table 1), Ireland's position as one of the world's most highly globalised economies, and its competitiveness and success in attracting inward FDI have been attributed to a combination of historical events and factors (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012). These events and factors include the establishment of Ireland's national IPA, IDA Ireland; significant educational development; Ireland's membership of the EEA (later to become the EU); the implementation of FDI-focused industrial and economic strategies and incentives (such as the low corporate tax rate and other tax-related incentives, financial grants for employment, training and R&D); the advantage of being an English-speaking country; and the attractions of a competitive labour market and IR regime (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Barry 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

Based on a review of the available studies found in the extant literature, Table 4 briefly summarises the critical factors frequently identified by scholars as having made significant contributions to Ireland's success in attracting inward FDI. As illustrated in Table 4, among

these critical factors, HR/IR factors were very significant. These include the supply, quality, and education of Ireland’s workforce and other related factors such as labour flexibility, productivity and the country’s talent pipeline (IMD 2000; Barry 2004; Dutta 2012; IMD 2012; IDA Ireland 2015b, 2016).

Table 4: Summary of Key Factors Impacting Inward FDI in Ireland

Key Factors	Supporting literature
Fiscal Incentives (i.e. the low corporation tax regime)	Altshuler et al. (2001); Barry (1999, 2004, 2007); <i>The Economist</i> (1997); Hannigan (1999); Gorg and Ruane (2000); Gropp and Kostial (2000); Gunnigle and McGuire (2001); Rios-Morales and O’Donovan (2006); Wheeler and Mody (1992)
Financial Incentives (e.g. low-interest loans and financial grants for employment, training, R&D, etc.)	Barry (1999, 2004); <i>The Economist</i> (1997); Gropp and Kostial (2000), Gorg and Ruane (2000); Gunnigle and McGuire (2001); Hannigan (1999); Rios-Morales and O’Donovan (2006); Wheeler and Mody (1992)
Institutional Support and Facilitation (Industrial promotion agencies, etc.)	Barry (2007); Gorg and Ruane (2000); Loewendahl (2001); MacSharry and P. White (2000); Nelson (2004); O’ Riain (2004); Rios-Morales and O’Donovan (2006)
Located in the EU	Barry (2004); Gunnigle and McGuire (2001)
Cultural Empathy	Barry (2004); Gorg and Ruane (2000); Gunnigle and McGuire (2001)

Infrastructure	Barry (1999, 2004); MacSharry and P. White (2000)
Language (English speaking)	Gorg and Ruane (2000); Gunnigle and McGuire (2001); Kenny and Sheikh, H. (2000); O' Riain (2004)
Labour Quality	Barry et al (2003); Barry (2004, 2005); Barry and Bergin (2012); Gunnigle and McGuire (2001); Lavelle et al. (2009); Mayuya and Jacobson (1991)
Labour Availability	Barry (1999); Gunnigle and McGuire (2001); Lavelle et al. (2009); Mayuya and Jacobson (1991)
Labour Costs	Barry (2004, 2005); Barry and Bergin (2012); Lavelle et al. (2009); O' Riain (2004)
Labour Legislation and Union Related Constraints	Cleveland et al (2000); Sparrow and Hiltrop (1994)
Education System	Barry (2005; 2007); Ferreira and Vanhoudt (2004); Gunnigle and McGuire (2001); MacSharry and White (2000); O' Riain 2004; Tansey (1998);

In addition, many senior executives of MNEs have observed that Ireland's skill base was a key attraction of the country as an inward investment location (IMD 2000; Dutta 2012; IMD 2012). Ireland's HR/IR characteristics have achieved very high scores in the international ranking reports that provide critical data for global companies, location consultants and professional firms concerned with FDI. For instance, The *IMD World Competitiveness Yearbooks* and *The*

Global Innovation Index reports, both of which provide influential data regarding a nation's overall competitiveness for attracting FDI, ranked Ireland favourably in terms of a number of HR/IR factors. For instance, in 2000, Ireland was ranked the world's fifth most competitive economy, achieving particularly strong scores in the areas of education, government and technological capacity (IMD 2000). In 2012, according to these two sources, Ireland was ranked in the first or second positions in terms of the availability of skilled labour, workforce flexibility, workforce adaptability to new challenges, attractive investment incentives and attitudes towards globalisation, the business legislation openness to foreign investors, business sophistication and knowledge absorption and diffusion (Dutta 2012; IMD 2012). Ireland also achieved strong scores in a few other areas, including the overall level of innovation within the society (ranked 9th out of 141 countries), institutional and business environment (ranked 4th), market sophistication (ranked 6th) and human capital and research (ranked 7th) (Dutta 2012; IMD 2012).

In summary, this body of literature suggests that HR/IR factors may be an especially important factor influencing FDI location decisions in relation to Ireland, which highlights the importance of exploring the HR/IR impact in the present investigation of Chinese FDI in Ireland (IMD 2000; Barry 2004; Dutta 2012; IMD 2012; IDA Ireland 2015b, 2016).

2.3 Outward FDI from China

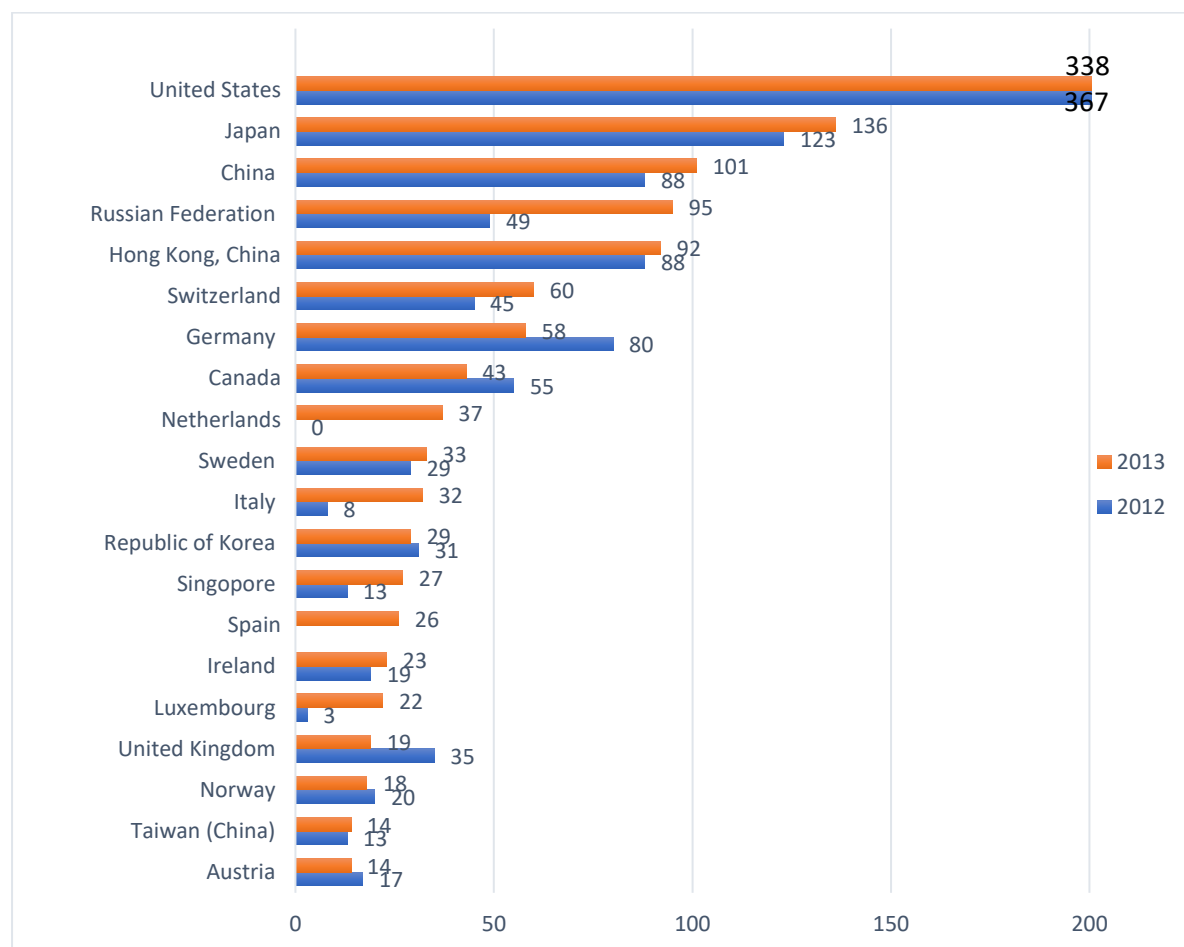
Growing Outward FDI from China

According to the UNCTAD database, the pattern of global FDI has been changing, with a significant increase of outward FDI from developing and transitioning economies and a relative decline of outward FDI from developed economies (UNCTAD 2004, 2009, 2010, 2011, 2014).

Among the developing and transitioning economies, China is the largest and, arguably, the best-known source of FDI (Deng 2004; Buckley et al. 2007; Buckley et al. 2008; UNCTAD 2010, 2011; Cooke and Lin 2012; Kang and Jiang 2012; Deng 2013; UNCTAD 2014).

Significant evidence indicates that China, in addition to consolidating its status as a major recipient of inward FDI, has quickly emerged as a significant source of outward FDI in the world for the past three decades (Deng 2004). For instance, over a twelve-year period (2002-2013), China has achieved significant increasing momentum in outward FDI, sustaining strong performance throughout the global recession of 2008 (MOFCOM 2014). In 2013, net FDI outflows from China reached a record level of \$101 billion, (increased by a rate of 22.8%, compared to 2012). This meant that China had successfully maintained its position (see Figure 3) as the world’s third largest outward investor for a second consecutive year (MOFCOM 2014; UNCTAD 2014). More details relating to China’s outward FDI performance and other top sources of FDI in 2012 and 2013 are provided in Figure 3 below.

Figure 3: Global FDI Outflows, Top 20 Home Economies, 2012 and 2013 (Billions of Dollars)



[Source: UNCTAD 2014, p. 7.]

In addition, it is reported that China's outward FDI had spread into almost all of the economies in the world, covering developing (83%), developed (14%) and transitioning economies (3%). The expansion of Chinese FDI took place across six continents (MOFCOM 2014): Asia (accounting for 68%), Latin America (13%), Europe (8%), North America (4%), Africa (4%) and Oceania (3%). By the end of 2013, Chinese MNEs were reported to have invested in 184 countries globally, covering almost 80% of all countries in the world. These MNEs had established 25,400 overseas subsidiaries and hired almost two million overseas employees, including almost one million foreign-national employees (MOFCOM 2014).

In summary, China has achieved an excellent performance in outward FDI over recent decades, as reflected in its dramatically increasing outflows, large scales of global coverage and total overseas employment and continuous growth (MOFCOM 2009, 2014; UNCTAD 2009, 2010, 2011, 2014). In terms of its outward FDI over the past few years, China is reported to have performed far better than some scholars had anticipated. For instance, Hanemann and Rosen had asserted that, *'if China follows the typical pattern of an emerging economy, it will ship \$ 1-2 trillion in direct investment abroad by 2020'* (Hanemann and Rosen 2012, p.13). According to available sources, by the end of 2013, China's total overseas assets had already achieved over \$ 3 trillion (MOFCOM 2014). All of these facts suggest the critical importance of conducting scholarly enquiry on Chinese FDI/MNEs.

Chinese FDI: Global Distribution and into the EU

With respect to the overall pattern of its global distribution, some previous studies find that the geographic distribution of Chinese outward FDI has changed over time (Buckley et al. 2007; Buckley et al. 2008). Historically, during the 1990s, the majority of Chinese outward FDI went to larger developed countries (notably the US, Canada and Australia), reaching a record high

of 69.44% of the annual average value of Chinese outward FDI stocks in 1990-1992 (Buckley et al. 2007; Buckley et al. 2008). Since 2000, however, Chinese firms have significantly expanded their overseas investment in the developing world (e.g. Asia, Africa, etc.), to the extent that it accounted for over 78% of the annual average value of Chinese outward FDI stocks in 2002-2004 (Buckley et al. 2008). More specifically, South Asia, East Asia and South-East Asia have now become the top host regions for Chinese outward FDI (Buckley et al. 2007; MOFCOM 2010, 2011).

Traditionally, EU countries have not been major destinations for Chinese outward FDI in terms of value and percentage (Buckley et al 2007; Buckley et al. 2008; MOFCOM 2009, 2010). However, data from the UNCTAD (2006, 2009, 2010, 2011, 2013) and MOFCOM (2010, 2011, 2014) indicate a progressive increase of Chinese outflows into EU countries over recent decades. In 2013, for example, the EU became the third major recipient of Chinese outward FDI in the world, receiving \$4.52 billion of Chinese outflows (4.2% of the total), even overtaking the US and Australia to become the top recipient of Chinese FDI in the developed economies (see Table 5 and Table 6). The importance of the EU as a major destination for Chinese FDI is also reflected in FDI stocks. For instance, the latest data from MOFCOM (2014) suggests that by the end of 2013, from the total amount of \$93.7 billion of Chinese outward FDI stock in developed economies, the EU had received \$40.097 billion. This figure accounted for 42.8% of the total and meant that the EU was ranked as the top recipient of Chinese outward FDI in developed economies, whereas the US and Australia ranked second and third, respectively.

Table 5: China's Outward FDI to World's Major Economies, 2013 (Billions of Dollars)

Economy	Outflow	Share (%)
Hong Kong (China)	62.824	58.3
ASEAN ²	7.267	6.7
European Union	4.524	4.2
United States	3.873	3.6
Australia	3.458	3.2
Russia	1.022	0.9
Total	82.968	76.9

[Source: MOFCOM, 2014, page 109.]

Table 6: China's Outward FDI to Developed Economies, 2013 (millions of dollars)

Economy	Outflow	Share (%)
European Union	4,523.50	4.195
United States	3,873.43	3.592
Australia	3,457.98	3.207
Canada	1,008.65	0.935
Japan	434.05	0.402
Norway	196.29	0.182
New Zealand	190.40	0.177
Switzerland	128.26	0.119
Bermuda	18.93	0.018
Israel	1.89	0.002
Total	13,833.38	12.829

[Source: MOFCOM, 2014, page 91.]

By the end of 2013, China had directly invested in all 28 EU member states, setting up about 2,000 overseas enterprises and hiring over 47,000 local employees within the EU context (MOFCOM 2014). Regarding its distribution within the EU, further analysis shows that Chinese outward FDI in the EU is mainly concentrated in some traditional, larger European

² ASEAN: Association of Southeast Asian Nations

economies (such as the UK, Germany and France) and a few other European countries with emerging importance for FDI in the EU (such as Luxembourg, the Netherlands and Sweden) (MOFCOM 2014). In terms of industrial distribution, it was reported that Chinese outward FDI into EU was mainly invested in five industries: manufacturing, finance, leasing and business services, the wholesale and retail trade and mining (See Table 7). Turning to the Irish context, according to the latest reports from MOFCOM, Ireland was ranked as a major recipient of Chinese FDI in two particular sectors: 1) finance and leasing and 2) business services within the EU context (MOFCOM 2014).

Table 7: Industrial Distribution of China's Outward FDI to the EU 2013 (millions of dollars)

Industry	Flows	Share(%)	Stock	Share(%)
Leasing and Business Services	676.14	14.9	10,327.79	25.8
Finance	1,447.26	32	8,630.51	21.5
Manufacturing	1,805.49	39.9	8,026.80	20
Wholesale and Retail Trade	311.89	6.9	4,164.95	10.4
Mining	190.82	4.2	4,073.82	10.2
Total	4431.6	97.9	35,223.87	87.9

[Source: MOFCOM, 2014, page 112.]

Research Gaps in Scholarship on Chinese FDI/MNEs

Regarding the extant literature on Chinese FDI/MNEs, the overall picture is that while scholarship on Chinese FDI/MNEs has increased in recent years, significant gaps remain in the empirical data that is needed to better analyse and conceptualise FDI behaviours by Chinese

MNEs (c.f. Buckley et al. 2007; Buckley et al. 2008; Cooke 2012; Cooke and Lin 2012; Kang and Jiang 2012). Many key issues have not yet been explored or examined in depth, particularly the motives driving Chinese MNEs to invest abroad and the factors impacting the FDI location decisions of Chinese MNEs (Deng 2004; Cooke 2012; Kang and Jiang 2012; Deng 2013). Furthermore, previous work on patterns of, and motives for, Chinese outward FDI is largely based on evidence from Chinese MNEs in either emerging economies (e.g. in Asia and Africa) or larger developed economies (e.g. the US, Canada, Australia, Germany and the UK) (Buckley et al. 2008; Cooke and Lin 2012; Kang and Jiang 2012; Deng 2013). Very limited attention has been paid to the FDI experience of Chinese MNEs investing in some smaller developed economies. This is despite the fact that quite a few smaller developed countries are recognized as important host locations for FDI, notably Switzerland, the Netherlands, Singapore and Ireland (Edquist and Hommen 2008; UNCTAD 2014; Blomkvist and Drogendijk 2016).

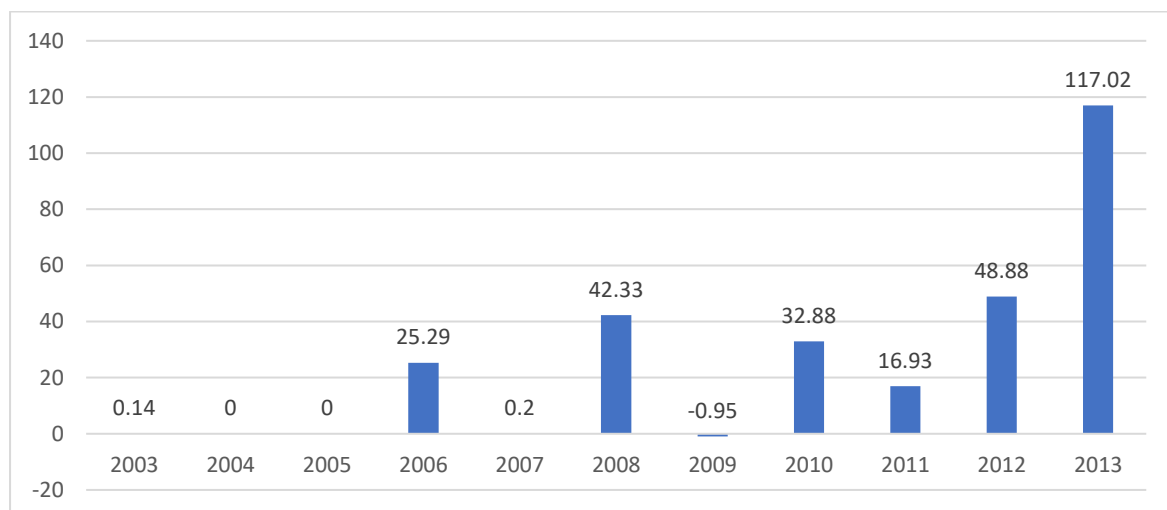
The Irish case is especially noteworthy, given its track record in consistently attracting high levels of inward FDI for well over 50 years, and its status as one of the world's most economically globalised economies³. As discussed in the earlier part of this chapter, significant evidence is found in the extant literature indicating Ireland's prodigious success in attracting inward FDI (MacSharry and White 2000; Barry 2004; UNCTAD 2004; Barry 2007; Rios and Brennan 2007; Barry and Bergin 2012). However, a search of all the secondary sources on Chinese FDI indicates that Chinese FDI in Ireland has been very limited (MOFCOM 2006, 2007, 2008, 2009, 2010, 2011, 2014). Further details of Chinese FDI in Ireland are provided and addressed in the following sections.

³Ireland has been continuously ranked first or second since 2009 according to the KOF index of globalisation (KOF 2015).

Chinese FDI in Ireland: 2003-2013

According to the database of MOFCOM, an important official source that provides specific data on Chinese FDI in Ireland, data was found that reveals the details of Chinese FDI in Ireland during the period from 2003 to 2013 (MOFCOM 2006, 2007, 2008, 2009, 2010, 2011, 2014). There were no official or public records found in regard to Chinese FDI into Ireland prior to 2003. Therefore, this section's discussion of Chinese FDI in Ireland is primarily based on the official data released by MOFCOM, and covers the period from 2003 to 2013. The specific outflows and levels of Chinese FDI into Ireland over the period from 2003 to 2013 are presented in the Figures 4 and 5.

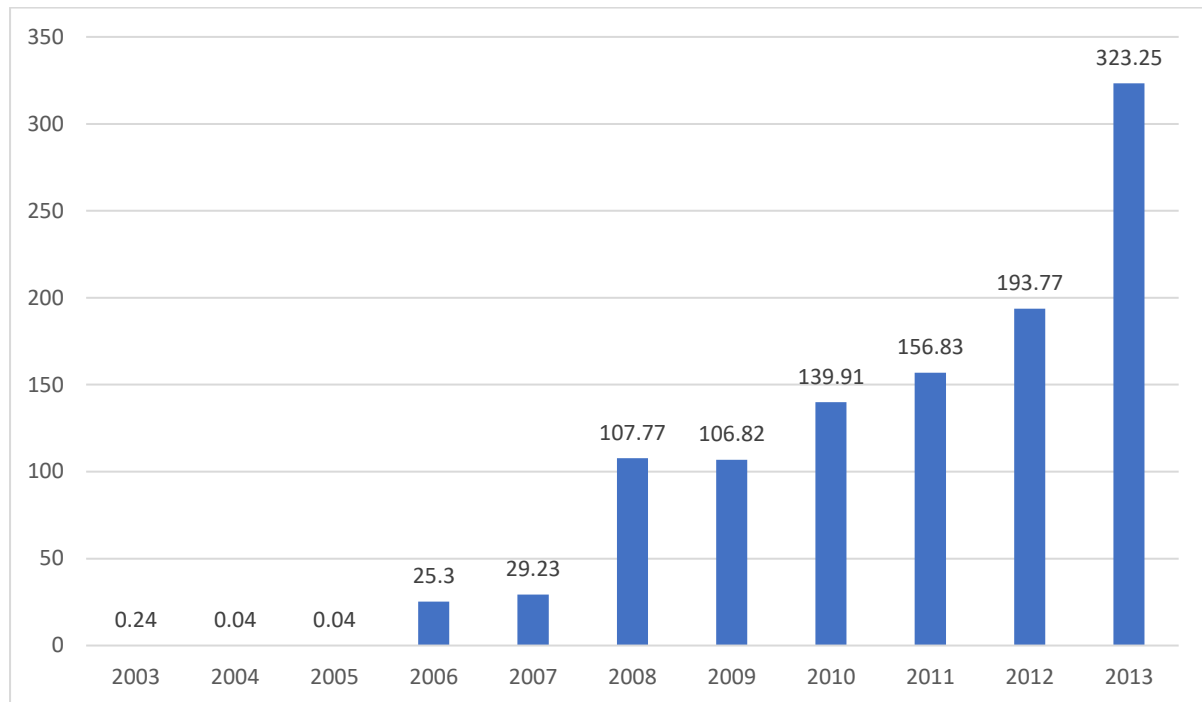
Figure 4: China's Outward FDI Flows into Ireland (2003-2010) (Millions of US \$)



[Source: MOFCOM 2010, 2011, 2014]

(Note: data for 2004-2006 includes only non-financial outward FDI)

Figure 5: China's Outward FDI Stocks to Ireland (2003-2010) (millions of US \$)



[Source: MOFCOM 2010, 2011, 2014.]

(Note: data for 2004-2006 include only non-financial outward FDI)

As reflected in Figures 4 and 5, Chinese FDI in Ireland developed very slowly and experienced quite a few years of stagnation during the early part of the 20th century. It was only in recent years, particularly since 2006, that Chinese MNEs began to very actively invest in Ireland. The year 2006 is a milestone in the evolutionary path of Chinese FDI in Ireland, marking the first time a high level of Chinese outflows into Ireland was observed. In 2006, Ireland attracted \$ 25.29 million of Chinese outflows, reaching the highest share (19.65%) of the total Chinese outflows in the EU since 2003 (see Table 8 below) (MOFCOM 2006, 2007, 2008, 2009, 2010, 2011, 2014). However, for the following few years, from 2006 until 2013, Chinese FDI in Ireland did not rise with a constant momentum, as it had in the cases of some other developed countries, such as the US, Canada, Australia, Germany, UK, etc. (Buckley et al. 2008; Cooke and Lin 2012; Kang and Jiang 2012; Deng 2013). Instead, Chinese outflows into Ireland fluctuated significantly over the period from 2006 to 2013, with the highest peak reaching

\$117.02 million in 2013. The lowest point reached, on the other hand, was \$-0.95 million in 2009, which implies that China divested \$0.95 million from its previous investments in Ireland in that year, probably because of the 2008 financial crisis in Europe. More recently, China was reported to have maintained a relatively steady increase in terms of investing in Ireland in the period between 2011 and 2013. As a result, the outflows of Chinese FDI into Ireland reached \$117.02 million in 2013 (increased by 139.4% from that in 2012), and the accumulated value of Chinese FDI into Ireland amounted to \$323.25 million by the end of 2013 (see Figure 4 and 5).

Based on the available data from MOFCOM, Table 8 clearly illustrates patterns of Chinese FDI in Ireland and Chinese FDI in the EU over the period from 2005 to 2013. As shown in Table 8, Chinese FDI in Ireland is quite low in comparison with the total amount of Chinese FDI in the EU over the period from 2005 to 2013, both in terms of outflows and of stocks. Although there had been a steady increase since 2011, Chinese outflows in Ireland amounted to only \$117.02 million in 2013, which accounted for only 2.59% of the total of Chinese outflows invested in the EU (see Table 8) (MOFCOM 2014).

Table 8: China's Outward FDI Flows and Stocks Invested in Ireland and the EU (2005-2013) (millions of US \$)

Year	EU		Ireland		Ireland's % of EU	
	Flow	Stock	Flow	Stock	% (flow)	% (stock)
2005	189.54	768.01	--	0.04	--	--
2006	128.73	1274.51	25.29	25.30	19.65%	1.99%
2007	1044.12	2942.10	0.20	29.23	-	0.99%
2008	466.62	3173.85	42.33	107.77	9.07%	3.40%
2009	2966.43	6277.83	-0.95	106.82	-	0.17%

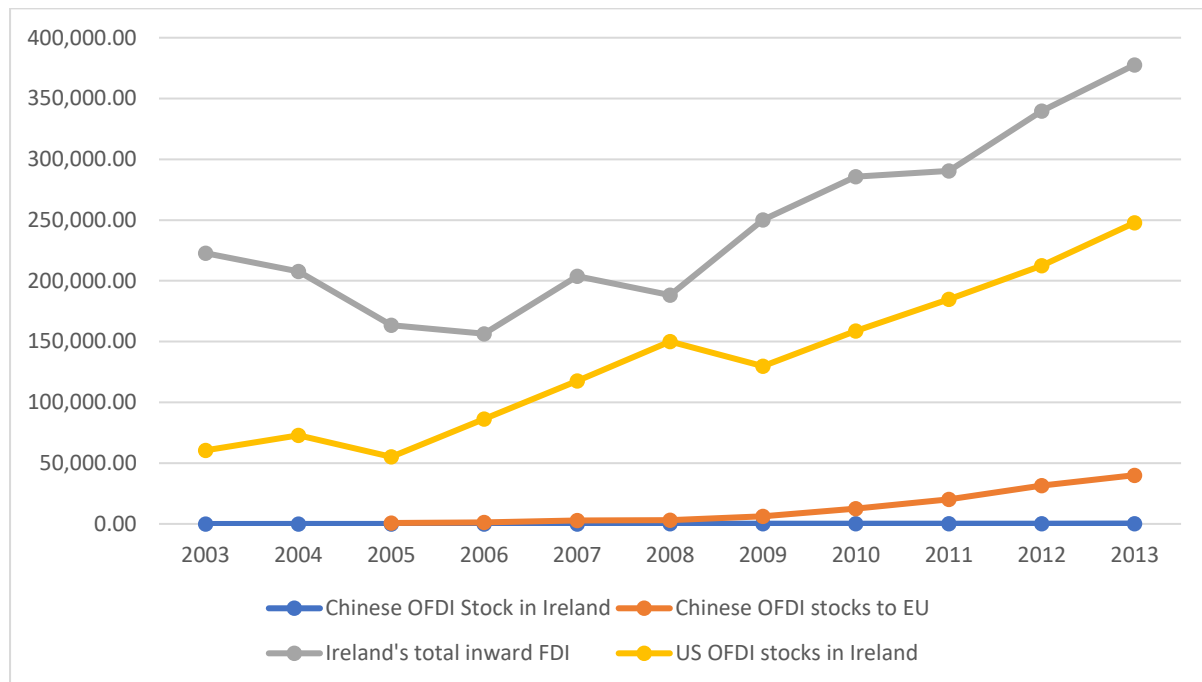
2010	5963.06	12496.89	32.88	139.91	0.6%	1.11%
2011	7560.83	20290.79	16.93	156.83	0.22%	0.77%
2012	6119.90	31538.24	48.88	193.77	0.80%	0.61%
2013	4523.50	40096.61	117.02	323.25	2.59%	0.81%

[Source: MOFCOM 2010, 2011, 2014]

(Note: Data for 2006 includes only non-financial outward FDI stocks and flows)

Based on available sources, Figure 6 illustrates the stocks of Chinese outward FDI in Ireland and in the EU, Ireland's total inward FDI and US outward FDI in Ireland over an eleven-year period from 2003 to 2013. As shown explicitly in Figure 6, levels of Chinese FDI in Ireland seem very low and relatively unimportant compared to the exceptionally high levels of Ireland's inward FDI and of US FDI in Ireland. For example, by the end of 2013, the total value of Chinese FDI in Ireland amounted to only \$ 0.32 million. This accounted for no more than 0.09% of the total value of Irish inward FDI, and contrasted greatly with the total value of US FDI in Ireland, which reached \$247.76 billion by the end of 2013 (MOFCOM 2014; US Department of Commerce 2015). With respect to outflows, as addressed above, Chinese outflows in Ireland were reported as \$117.02 million in 2013, which accounted for only 0.33% of the total Irish inflows in that year (MOFCOM 2014).

Figure 6: Ireland's Total Inward FDI stocks, US Outward FDI Stocks in Ireland and Chinese Outward FDI Stocks in EU & Ireland (2003-2013) Millions of US dollars



[Sources: MOFCOM (2010, 2011, 2014); US Department of Commerce (2015); OECD (2004); UNCTAD (2004, 2009, 2014).]

In summary, the above illustration of secondary official data and the accompanying review of the literature show how limited Chinese FDI in Ireland has been over the past years. In light of the extant literature on the pertinent areas, this limited presence of Chinese FDI in Ireland contrasts markedly with growing Chinese FDI elsewhere. In addition, the limited presence of Chinese FDI in Ireland contrasts sharply with Ireland's track record in consistently attracting mobile FDI, particularly US FDI.

2.4 Conclusion

This chapter has provided a review of the overall background to and context for this investigation of China's FDI in Ireland. The opening section illustrated Ireland's experience and prodigious success in attracting inward FDI (particular US FDI). It found that this success was largely based on a combination of incentives for FDI, general socio-economic factors and a pronounced emphasis on HR/IR factors. The chapter then addressed the dramatic rise of

outward FDI from China over recent decades and outlined the research gaps identified in the extant literature on Chinese FDI/MNEs. The gaps identified include the urgent needs to develop a comprehensive database, collect more extensive empirical data and conduct more in-depth scholarly inquiry. It also observed that the majority of previous studies concentrated on Chinese FDI/MNEs in developing economies or in larger developed economies. Very limited scholarly enquiry had been devoted to Chinese FDI/MNEs investing in smaller developed economies. Finally, the chapter presented some secondary data on the relative scarcity of Chinese FDI in Ireland, discussed Chinese FDI in Ireland in light of the extant literature on Chinese FDI in other locations (in other EU countries for example) and considered the Irish experience in attracting inward FDI. It identified an anomalous IB phenomenon, one that merits further research, i.e., the marked contrast between the low levels of Chinese FDI in Ireland and the high levels of US FDI in Ireland.

Having established its distinctive research background and clarified its intellectual context within this chapter, this inquiry will then address its two specific research objectives: 1) to profile the population of Chinese MNEs investing in Ireland; 2) to investigate the factors impacting the decisions of Chinese MNEs to locate in Ireland, with particular reference to exploring the impact of HR/IR factors.

CHAPTER THREE: FACTORS IMPACTING THE FDI LOCATION DECISION

3.1 Introduction

This chapter seeks to situate the study within contemporary academic discourse by reviewing the extant literature in the field and by illustrating the theoretical framework developed and employed in the present study. The chapter begins by addressing the general observation that the majority of the extant literature on FDI location concentrates on applying mainstream theories that identified a wide range of socio-economic factors that impact on FDI location decision, with limited academic attention afforded to the impact of HR/IR on FDI location. This is followed by an outline of two supporting theories — the internalisation theory (Buckley and Casson 1976) and Dunning's electric paradigm (Dunning 1993, 2000) — through which the underlying theoretical basis and framework for the present empirical investigation is presented and addressed. The chapter then reviews the literature that focuses on the impact of specific HR/IR issues on FDI location decisions. Notable among these studies are the works of Cooke and Noble (Cooke 1997; Cooke and Noble 1998; Cooke 2006), Ham and Kleiner (Kleiner and Ham 2003; Ham and Kleiner 2007) and Gunnigle and McGuire (2001), all of which provide important pointers for the present inquiry. Finally, the chapter identifies and elaborates on some broad HR/IR areas for further investigation in this study.

3.2 Theoretical Framework for Investigating FDI Location Decision

As noted above, the extant literature on FDI location concentrates primarily on applying mainstream theories, notably from conventional economics, international business (IB), sociological, institutional and cultural perspectives (Dunning 2000; Buckley et al. 2007; Cheng 2007; Cooke and Lin 2012), with limited academic attention afforded to the examination of HR/IR perspectives on FDI location (Mayuya and Jacobson 1991; Cooke 1997; Gunnigle and McGuire 2001; Ham and Kleiner 2007). Studies within these mainstream traditions have

identified a wide range of factors that impact on the FDI decision making of MNEs, including market characteristics, legal and business environment, infrastructure, geographical location, FDI-promotion incentives, institutional assistance and support, education, language, cultural distance or proximity. (Johanson and Vahlne 1977; Dunning 1993, 2000; Buckley et al. 2007; Buckley et al. 2008; Du et al. 2012). Most of these factors will be investigated and addressed within this empirical study of Chinese MNEs investing in Ireland. Such factors will be referred to as ‘socio-economic factors’ in the following sections (see Figure 8) and in subsequent chapters.

With respect to the available theoretical frameworks on FDI decision making, the internalisation theory (Buckley and Casson 1976) and Dunning’s eclectic paradigm (Dunning 1993, 2000) are two of the most fundamental theoretical frameworks in the extant literature and have been widely applied in studies of the international activities of MNEs, including the FDI location decisions of MNEs. These two IB theories differ from each other in certain respects. Dunning’s eclectic paradigm focuses mostly on the process of international activities of MNEs, for example, whereas the internalisation theory concentrates on the internal organisation of the MNEs. Some traits are also shared by these theories, however. Having originated at the same school, the Reading school⁴, both theories have adopted significant attributes from neo-classical economics. The presence and prominence of location-related features⁵ is also noted within both theoretical frameworks (Monaghan 2013). Scholars have suggested that these two IB theories are the most suitable theories for exploring HR/IR factors in relation to FDI location decisions (Cooke 1997; Cooke and Noble 1998; Cooke 2006). It is

⁴ ‘The Reading school’ consists of a group of well-known economists and IB scholars who share a common approach to analysing MNEs and FDI. These scholars are mainly based at the University of Reading, including Peter Buckley and Mark Casson (founders of the internalisation theory) and John Dunning (founder of the OLI paradigm) and a number of other important scholars in the field of IB.

⁵ ‘Location-related features’ refers to features of the host location.

therefore important to illustrate these two fundamental IB theories in the following section, and to discuss their theoretical implications and usefulness for academic inquiry on the impact of HR and IR considerations on FDI location decisions.

Internalisation Theory

The internalisation theory predates Dunning's eclectic paradigm and is recognized as a core theory of FDI (Buckley 1990). The essential aim of the internalisation theory is to explore and explain how international transactions are organised by internal, firm-level hierarchies, rather than how they are influenced by exogenous market forces (Buckley and Casson 1976; Monaghan 2013). The roots of the internalisation theory can be traced back to the work of Richard Hymer in the 1960s, who offered an initial definition of the MNE as the result of monopolistic advantages. According to Hymer (Hymer 1976), the possession of specific advantages, generated by the firm's status and activities within the home market, counterbalanced the liability of operating as a foreign firm in a host market. Hymer's ideas were greatly enhanced in subsequent research in the 1970s, notably by Peter Buckley and Mark Casson (Buckley and Casson 1976), Jean-Francois Hennart (1982) and Alan Rugman (1982), and were further developed into the internalisation theory. The internalisation theory is premised on the theoretical understanding of a domestic firm and aims to explore the endogenous growth and existence of the MNE. This school of thought advocates two general principles: (a) firms tend to internalise missing or imperfect, external markets across borders until the costs of further internalisation outweigh the benefits and; (b) while doing so, firms choose locations for their constituent activities along the value chain that minimise the overall costs of their operations (Buckley and Casson 1976; Hennart 1982; Rugman 1982). The term 'imperfect markets' refers to markets with 'distortions in the price system caused by structural or cognitive factors' (Voss 2011, p.14). 'Structural factors' are formal constraints imposed or enforced by the government, such as barriers to competition and poorly defined property rights,

that increase transaction costs. The term ‘cognitive factors’ usually refers to uncertainties, for example, uncertainties about future foreign exchange rate developments and business-related government policies (Dunning 1995; Hennart 2001; Voss 2011).

More recently, the research focus of this school of thought has shifted to the development of subsidiary specific advantages. For example, Rugman and Verbeke (2001) highlighted the increasing importance for a subsidiary unit of the MNE to develop subsidiary specific advantages, defined as unique and highly specialised competences that can be exploited globally by the MNE. In their view, the MNE can also benefit from the non-imitable nature of these subsidiary specific capabilities. Rugman and Verbeke (2001) believed that MNE subsidiaries had the potential to develop internal capabilities from their exogenous environment, i.e., subsidiary specific advantages, which can be either location-bound or non-location-bound and sourced from the home country, the host country or internally within the MNE network. As such, the internalisation theory serves to strengthen the importance of owning and controlling value-added activities outside the domestic national border and diffusing them within the MNE.

Overall, the internalisation theory demonstrates that firms use FDI to gain competitive advantages over local competitors in a host country by replacing imperfect external markets in intermediate products and services and knowledge; and that these firms appropriate the profits from doing so (Hymer 1960; Buckley and Casson 1976; Buckley et al. 2007; Voss 2011). Such available profits gained through internalisation can be reflected in the forms of lower transaction costs (such as less communication and administration costs), increased bargaining power and improved certainty about the buyer and seller (c.f. Agarwal 1980). Consequently, firms perceive other international modes (such as exporting or licensing) to be more expensive than internalisation and therefore decide to engage in overseas direct investment (Voss 2011). Premised on the theory of a domestic firm, the internalisation theory primarily concentrates on

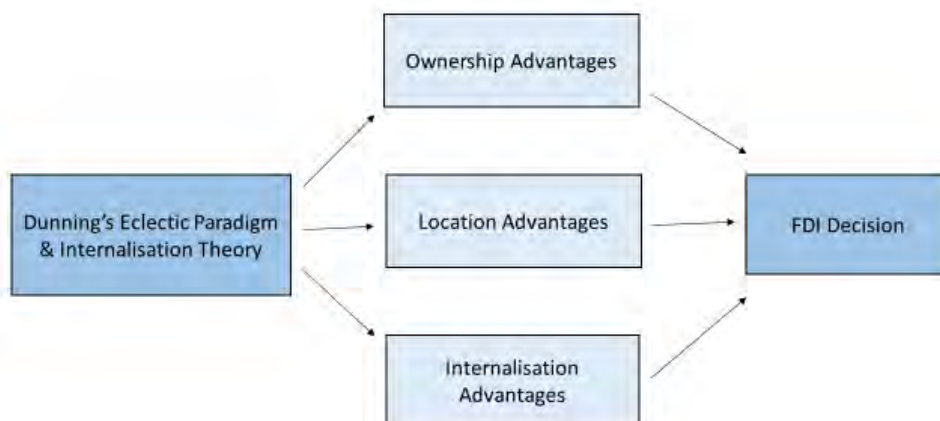
exploring the internal hierarchical organisation of value-added activities rather than the exogenous market environment. Accordingly, internalisation theory has been criticised for offering limited insights on the role and significance of location for the MNE (Buckley 1987; Casson 1987).

Dunning's Eclectic Paradigm

Dunning's eclectic paradigm of MNEs (Dunning 1993, 2000, 2009) is one of the fundamental and most widely accepted theoretical frameworks in the extant literature with regard to the location decision for FDI. This eclectic paradigm synthesises various concepts of internalisation (Buckley and Casson 1976), transaction costs (Hennart 1982; Hennart 1988), monopolistic advantages (Hymer 1960) and locational advantages (Dunning 1977) and is known as the *OLI* paradigm. 'O' refers to ownership advantage of the MNE; 'L' refers to the locational advantage of the host country; and 'I' refers to the act of cost-effectively internalising the perceived ownership advantages of the MNE. This paradigm demonstrates three critical conditions for firms to conduct FDI activities, all of which are illustrated in Figure 7. The first condition is related to the firm's ownership advantages, indicating that firms with ownership advantages engage in FDI activities; and that the more the firms are able to cost-effectively transfer perceived ownership advantages, the greater the scale of FDI activities they are likely to engage in. Ownership advantages could refer to a firm's tangible or intangible assets that convey some competitive advantages for the firm over other local firms in the host country. Intangible assets may, for example, relate to the firm's specific expertise in research and development (R&D), marketing, finance, HRM, IR and other areas that can be exploited through the act of FDI or the process of internalisation. Tax issues could also contribute to firm's establishment of ownership advantage, as addressed in some studies (De Mooij and Ederveen 2003). The second condition illustrated in Dunning's eclectic paradigm relates to locational advantage, suggesting that the host countries offer some comparative locational

advantages in regard to conducting direct investment activities. Otherwise, the firm would have chosen to export rather than to conduct direct investment. Locational advantages could take the forms of having lower operational costs, offering greater market opportunities, having more availability of resources (including natural resources and strategic assets) or providing greater comparative advantages in terms of better facilitating the internalisation process of perceived ownership advantages, and so on. Finally, the eclectic paradigm demonstrates that it should be attractive to undertake activities within the MNE, rather than buying or leasing them from other firms. This is known as the advantage of internalisation.

Figure 7: Dunning's Eclectic Paradigm and The Internalisation Theory



[Source: Buckley and Casson 1967; Dunning 1993, 2000]

As such, Dunning (1977, 2000) demonstrates that it is the fusion of the O-L-I components of cross-border activity that define the MNE. In so doing, the eclectic paradigm offers the most comprehensive conceptualisation of the determinants and implications of international

investment by MNEs. Dunning further concludes that MNEs generally follow three primary overseas investment strategies, namely:

- Market-seeking FDI
- Efficiency-seeking FDI
- Resource-seeking FDI (including two subsets that is known as technology-seeking and strategic-asset-seeking FDI)

[Sources: Dunning 1993, 2000; Buckley et al. 2007; Voss, 2011]

Market-seeking FDI is generally driven by the market size and market growth of a host country. It is undertaken by companies to strengthen existing markets (defensive strategy) or to develop and explore new markets (offensive strategy). Efficiency-seeking FDI refers to investment driven by the desire to reduce not only production and operational costs (e.g. labour, communication and administration costs) but also the costs of researching and implementing new technologies and designs. The term also refers to the desire to internalise supply chains in order to increase competitiveness through higher efficiency. Resource-seeking FDI can be decomposed into three subcomponents: natural resource-seeking FDI, technology-seeking FDI and strategic-asset-seeking FDI. Natural resource-seeking FDI refers to investment in the exploitation of natural resources, such as oil, minerals and other raw materials, with the intention of securing the supply of scarce raw materials for the national economy. Technology-seeking FDI is conducted in areas such as R&D and design facilities, with the objective of tapping into existing knowledge stocks and expertise or of becoming involved in the development of new technologies and standards; non-participation would diminish future competitiveness. Strategic-asset-seeking FDI refers to investments that aim to obtain some hard-to-replicate assets that constitute an ownership advantage in a host country, such as

recognised brand names, better access to local distribution systems and access to managerial practice and expertise (Fosfuri and Motta 1999).

The Theoretical Implications of Dunning's Eclectic Paradigm and the Internalisation Theory for Analysis of the Impact of HR/IR on FDI

Taken together, Dunning's eclectic paradigm and the internalisation theory have some significant theoretical implications for scholarly inquiry on the impact of HR/IR on FDI location decisions (Cooke 1997; Cooke and Noble 1998; Cooke 2006).

Firstly, these two IB theories imply that HR/IR issues might have an impact on an MNE's FDI decision making by influencing the extent of the MNE's capacity to enjoy and exploit the 'location advantages' of a foreign country (Dunning 1993, 2000). The existing literature supports the view that the local HR/IR systems of a foreign country contribute significantly to its perceived 'location advantages' and consequently have an important impact on an MNE's FDI location decision (Cooke and Noble 1998; Dunning 2000; Ham and Kleiner 2007). A cost-benefit analysis of transaction costs that draws both on the internalisation theory and on Dunning's eclectic paradigm shows that any perceived location advantage is determined by direct and indirect costs associated with a HR/IR factor in the host country. For example, labour costs (including wages and benefits) represent the most obvious location cost that MNEs are expected to pay for in a foreign location. Cheap or low labour costs in a foreign country could be an important HR/IR factor that increases the location advantage of a given foreign country and that therefore might have an important impact on the MNE's decision to conduct FDI activities in that country. Labour costs also depend on the degree of flexibility afforded management in a) instituting workforce practices aimed at achieving optimal performance and b) controlling optimal levels of employment. Restrictions on management flexibility are determined in large part by government legislation and union-related constraints (i.e., union density/coverage, worker representation, collective bargaining and negotiation). The greater

the restrictions on such management flexibility, the higher labour costs will be, because of added inefficiencies and other transaction costs. As such, less government legislation and fewer union-related constraints could also contribute to location advantages and ultimately have an impact on an MNE's FDI decision making. Other possible labour market factors that might contribute to location advantages include labour quality, labour availability, and employment and unemployment rates.

Secondly, the two IB theories imply that HR/IR issues could influence the cost-effectiveness of transferring any preferred HRM and IR practices that are perceived as yielding 'ownership advantages' for the MNEs and consequently have an impact on their FDI decision making. The two theories also suggest that HR/IR issues might impact on an MNE's FDI decision making by influencing the extent of the MNE's capacity to establish and/or exploit 'ownership advantages' (Dunning 1993, 2000). From this point of view, ownership advantages are determined by the ease with which MNEs can transfer preferred HRM and IR practices to the foreign host country (Cooke 1997). Evidence regarding MNEs' actual performance of transferring preferred HRM and IR practices (identified as the MNE's intangible managerial assets) to foreign host locations can be found in the literature (Florida and Kenney 1991; Wever 1995; Bird et al. 1998; Brewster and Tregaskis 2003). Again, HR and IR issues, particularly government legislation and union-related constraints (i.e. union density/coverage, worker representation, collective bargaining and negotiation) that make it more or less difficult to transfer preferred HRM and IR practices to the foreign host location, can reduce or increase the ownership advantages that could be gained from an MNE's domestic expertise in HRM and IR and consequently can have an impact on an MNE's FDI decision making (Cooke 1997; Cooke and Noble 1998; Cooke 2006).

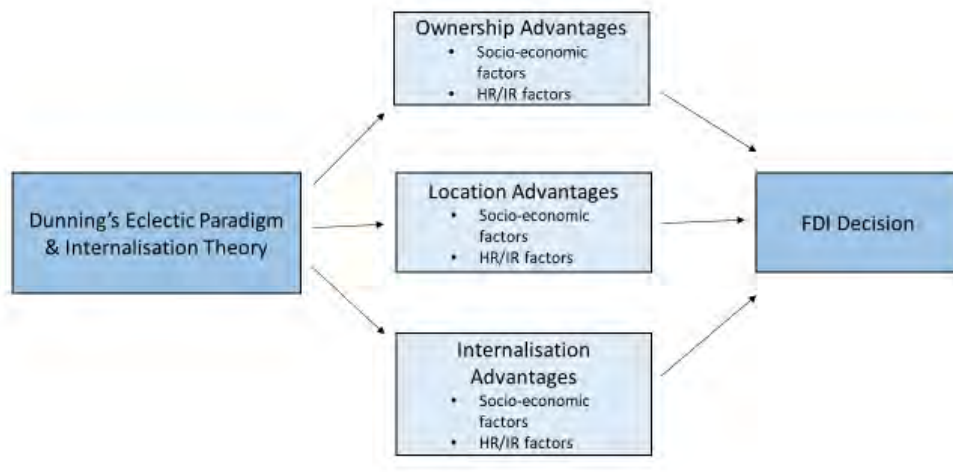
In summary, taken together, Dunning's eclectic paradigm and the internalisation theory imply that HR/IR issues might have an impact on MNEs' FDI decision making by influencing the

extent to which MNEs can establish and/or exploit *O-L-I advantages* (Dunning 1993, 2000). This theoretical perspective on the possible impact of HR/IR on FDI decision making presents the basic theoretical foundation both for the present study and for future empirical investigation of the impact of HR/IR on FDI location (Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Kleiner and Ham 2003; Ham and Kleiner 2007).

Theoretical Framework for Investigating Chinese FDI in Ireland

Given above literature review and also considering the overall research background and context set up and addressed in previous chapter Two, a theoretical framework for the present investigation of Chinese FDI in Ireland is developed and presented in Figure 8 below.

Figure 8 Theoretical Framework for Investigating Chinese FDI in Ireland



[Sources: Buckley and Casson (1976); Cooke (1997, 2006); Cooke and Noble (1998); Dunning (1993, 2000); Gunnigle and McGuire (2001); Ham and Kleiner (2007); Kleiner and Ham (2003)]

As illustrated in Figure 8, the two core IB theories elaborated above, Dunning's eclectic paradigm and the internalisation theory, provide a theoretical basis for this empirical

investigation. According to these two theories, FDI is a function of enjoying and exploiting ‘location advantages’, ‘ownership advantages’ and ‘advantages of internalisation’ (Buckley and Casson 1976; Dunning 1993, 2000). These two IB theories identify a range of socio-economic factors that affect FDI location decisions. Considering the Irish context, previous studies have identified a combination of more general factors as having a significant impact on the location decisions of other FDI in Ireland (e.g. US FDI in Ireland). Among these factors (see Table 4) are corporate tax, financial grants, the level of assistance available from Ireland’s IPAs, Ireland’s EU location, culture, business laws and the population’s English-language skills (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012). Hence, these factors are all investigated in this study, along with other general considerations of market, infrastructure and logistics and some cultural and political issues (all referred as socio-economic factors in above Figure 8). In addition, these two IB theories suggest that HR/IR issues might affect FDI-location decisions by influencing the extent to which MNEs establish and/or exploit such O-L-I advantages (i.e. ‘ownership advantages’, ‘location advantages’, and ‘advantages of internalisation’). Therefore, the present study has paid particular attention to the impact of HR/IR factors on the location decisions of Chinese MNEs in relation to Ireland (see Figure 8).

Based on our review of the extant literature, the above theoretical perspective on the possible impact of HR/IR on FDI decision making is adopted and addressed in relation to a group of previous studies that examined the impact of HR/IR on FDI location (Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Kleiner and Ham 2003; Ham and Kleiner 2007). This body of literature is presented and addressed in the following section.

3.3 Previous Academic Research on the Impact of HR/IR on FDI

A comprehensive examination of this work indicates that HR/IR perspectives on FDI location have attracted limited consideration in the extant literature. There are some notable exceptions, however, which found that several HR/IR issues may impact FDI location decisions (Mayuya and Jacobson 1991; Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Kleiner and Ham 2003; Cooke 2006; Ham and Kleiner 2007). Overall, this body of previous scholarly inquiry has consistently identified a significant impact of several HR/IR issues on FDI location decisions. Research gaps within this body of literature have also been noted. One research gap is that HR/IR factors have received limited academic attention in the IB literature, as noted above. Another important research gap has resulted from the simple fact that previous research has tended to focus on the FDI experience of MNEs from developed economies, particularly from the US, with very limited consideration of MNEs from developing economies, including China (Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Kleiner and Ham 2003; Ham and Kleiner 2007). This is addressed in the present investigation of the impact of HR/IR considerations on Chinese FDI in Ireland.

Previous scholarship on the impact of HR/IR on FDI will now be considered in more detail.

The Work of Cooke and his Colleagues

Drawing on both the internalisation theory and Dunning's eclectic paradigm, William N. Cooke and his colleagues developed a line of important theoretical argumentation on the possible impact of HR/IR factors on FDI location decisions (Cooke 1997; Cooke and Noble 1998; Cooke 2006). Cooke (1997) suggests that an investigation of the influence of HR/IR factors on the distribution of FDI across countries can be framed as a cost-benefit analysis of transaction costs. Focusing on the desire of MNEs to minimise transaction costs and to exploit location advantages and ownership advantages (Buckley and Casson 1976; Dunning 1993, 2000), Cooke (1997) argues that in considering foreign countries as host locations for FDI,

MNEs will assess both ‘location advantages’ associated with the HR/IR attributes of a foreign location and the cost-effectiveness of transferring any preferred IR practices perceived as yielding ‘ownership advantages’ for the MNEs. Cooke and Noble (1998) further suggest that the influence of HR/IR considerations on FDI decision making largely depends on the extent to which MNEs enjoy IR-related location advantages and are able to exploit perceived IR-related ownership advantages.

Based on the above theoretical propositions, the work of Cooke (1997, 2006) and Cooke and Noble (1998) developed a model of FDI that incorporates a mix of HR/IR variables in their examination of the location decisions of US FDI. The HR/IR variables incorporated in their empirical model capture the differences in labour market characteristics, government workplace regulations and collective bargaining contexts. These include compensation policies, government layoff restrictions, the presence of works councils, union coverage, the extent to which centralised negotiations are expected or mandatory, collective-bargaining coverage and education. With respect to the coverage of other economic and social factors, their model addressed more general considerations, including GNP, GDP, tax, exchange rate, FDI regulation and incentives, political risk, language (English) and industry. More details of the HR/IR and general socio-economic variables that Cooke and Noble addressed in their empirical model of FDI are presented in Appendix A.

Through a sample of 9 industries and 19 OECD-member countries in the study of Cooke (1997) and a subsequent, larger sample of 9 industries and 33 industrialised and developing countries in the study of Cooke and Noble (1998), Cooke and Noble found that all of the HR/IR factors examined had a significant impact on the distribution of US FDI (Cooke 1997; Cooke and Noble 1998). Specifically, they found that US FDI was negatively affected by the presence of high levels of union penetration, centralised collective bargaining/negotiation structures, stiff government restrictions on layoffs, and pervasive contract extension policies. On the other

hand, US FDI was positively affected by policies requiring works councils and higher hourly compensation costs which (they argued) capturing higher productivity (Cooke 1997; Cooke and Noble 1998). With respect to the issue of education (i.e. labour quality), different impact was observed with respect to US FDI in industrialised and developing countries, respectively. Education was found to be positively related to US FDI across high-skill/high-wage countries (mainly in industrialised countries), but negatively related to US FDI across low-skill/low-wage countries (mainly developing countries) (Cooke and Noble 1998).

The Work of Ham and Kleiner

In a similar vein, Ham and Kleiner (Kleiner and Ham 2003; Ham and Kleiner 2007) also integrated HR/IR considerations into their model for examining FDI distribution within OECD countries, which is detailed and discussed in the following paragraphs.

The study of Ham and Kleiner (2007) examined the influence of the IR system as a whole and of some labour market factors on FDI distribution within nineteen nations in the OECD from 1985 through 2000. The example of some previous studies indicates that using only one variable at a time may not capture the full effect of labour-market institutions on the economic performance of MNEs (Flanagan 1999; Nickell and Richard 1999; Botero et al. 2004). This suggests that an index might provide a more useful alternative method that makes it possible to capture the full impact of industrial relations institutions on FDI (Ham and Kleiner 2007). Taking the lead from Freeman's assertion (2000) that a holistic approach to institutions, one that includes not just a single IR factor, but a whole group of laws and customs, may add to the ability of analysis to rank labour market institutions, Ham and Kleiner developed and estimated an IR system index, instead of using individual variables to examine the role and impact of IR on the amount of FDI in the destination nations (Freeman 2000). The core element of the framework developed by Ham and Kleiner (2007) is developing a single measure — an IR-system index — to capture the different elements of the IR system.

The IR-system index, developed and used in their empirical examination of the impact of HR/IR system on FDI between nations in OECD, mainly comprises labour law, trade union coverage and density, bargaining levels and centralisation, and worker representation. In addition, their model also covers some labour market factors, including employee compensation, unemployment rate and education. With respect to the coverage of other economic and social factors, their model addressed more general considerations, such as interest rate, tax rate, GDP per capita, import percentage of GDP, language, and distance between countries. More details of the HR/IR and general socio-economic variables that Ham and Kleiner addressed in their empirical model of FDI are presented in Appendix B.

Again, all of the HR/IR factors investigated in their studies were found to have a statistically significant impact on the FDI distribution within OECD countries. Specifically, their studies showed that the impact of the IR-system variable on FDI distribution within OECD is statistically significant and of moderate size. Their results suggest that MNEs in more developed nations tend to be somewhat sensitive to the IR climate, preferring ones that provide management with greater amount of leeway in allocating labour and that reduce employee representation at work. Ham and Kleiner (2007) found that higher levels of IR institutions are usually associated with lower levels of FDI, which highlights the importance of IR institutions for the FDI location decision.

Group of Irish Studies

In addition to the already-mentioned international studies that identified several HR/IR issues as important in regard to MNEs' FDI location decisions (Cooke 1997; Cooke and Noble 1998; Kleiner and Ham 2003; Cooke 2006; Ham and Kleiner 2007), a group of Irish studies also highlighted the critical role of the combination of HR/IR issues in Ireland's attraction of inward FDI, providing essential implications for this study (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

As a small country that has for several decades been a beacon for FDI by MNEs and has used this to successfully transform its economy, Ireland has been examined from different perspectives (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012). It is reported that Ireland's success in attracting inward FDI is largely based on a combination of incentives for FDI, general socio-economic factors and a pronounced emphasis on HR/IR factors (see Table 4 in Chapter Two). For instance, Gunnigle and McGuire (2001) conducted an in-depth qualitative empirical investigation of US FDI in Ireland. Their study identified several HR/IR factors impacting on the inward investment decisions of US MNEs in Ireland, notably labour quality, availability, regulation and trade union recognition and status (see Table 4 in Chapter Two).

3.4 Summary of Existing Literature on Specific HR/IR Factors Identified for Investigation

When identifying specific HR/IR factors for investigation, account must be taken of the fact that different scholars have used different terms and concepts when considering the impact of HR/IR on FDI. For instance, with respect to trade unions and industrial relations, among the pairs of different terms and concepts used by different scholars were 'union density'/'union coverage,' 'collective bargaining'/'central negotiation' and 'worker representation'/'works councils' (Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Kleiner and Ham 2003; Ham and Kleiner 2007). In this study, the term 'industrial relations' is used to cover all of the aspects of labour, trade unions and industrial relations that were considered in previous studies (Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Kleiner and Ham 2003; Ham and Kleiner 2007). Considering the costs of the labour, the term 'labour costs' was used by Gunnigle and McGuire (2001), whereas 'employment compensation' was used in the studies of Cooke and his colleagues (Cooke 1997; Cooke and Noble 1998) and Ham and Kleiner (Kleiner and Ham 2003; Ham and Kleiner 2007) (see Appendix A and B). This study

adopts 'labour costs', so as to embrace a broader sense of labour-related expenses. Regarding legislative considerations, 'government legislation' was used in the works of Cooke and Noble (Cooke 1997; Cooke and Noble 1998), whereas studies by Ham and Kleiner and Gunnigle and McGuire employed the term 'labour law/regulation' to capture this legislative aspect (Gunnigle and McGuire 2001; Kleiner and Ham 2003; Ham and Kleiner 2007). This study attempts to adopt and explore the generic concepts of labour and employment laws and regulation; so, both of these terms, 'labour regulation' and 'labour laws,' are applied and used in this thesis. Furthermore, while the term 'education' was employed and applied in the two models of Cooke and his colleagues (Cooke 1997; Cooke and Noble 1998) and Ham and Kleiner (Kleiner and Ham 2003; Ham and Kleiner 2007) (See Appendix A and B), different terms and concepts, i.e. 'labour quality' and 'productivity,' were employed and applied in several Irish studies (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001). Arguably, the term 'labour quality' covers educational attainment and other important attributes of the labour force. The term 'education,' on the other hand, addresses only the educational attainment of the labour force and does not reflect its other attributes. For this reason, 'labour quality' appears to be a more suitable term and is used in this study. Finally, labour supply and availability were reported as important in the empirical study of US FDI in Ireland by Gunnigle and McGuire (Gunnigle and McGuire 2001), whereas they were barely captured in the models of Cooke and his colleagues (Cooke 1997; Cooke and Noble 1998) and Ham and Kleiner (Kleiner and Ham 2003; Ham and Kleiner 2007). As already addressed above, this study attempts to adopt and explore generic concepts of human resources and industrial relations in their broad sense; the terms 'labour supply' and 'labour availability' are therefore also used in this thesis.

In summary, building on previous studies in the field, this study adopts and works with broader and more comprehensive concepts of HR and IR. It aims to embrace all of the themes and methodologies relating to labour and workforce management, in a similar fashion to the

approach that has been taken in previous cognate studies (Mayuya and Jacobson 1991; Cooke 1997; Cooke and Noble 1998; Boxall 1999; Gunnigle and McGuire 2001; Kaufman 2001; Voss 2001; Storey 2007; Collings 2008). In line with these previous scholarly investigations, the broad HR/IR areas identified for examination in this study are labour costs, labour quality, labour availability, labour regulation and industrial relations (specifically trade union presence and impact and collective bargaining coverage) (Mayuya and Jacobson 1991; Cooke 1997; Gunnigle and McGuire 2001; Ham and Kleiner 2007).

Hence, the following paragraphs summarise the existing literature on how each of these identified HR/IR factors affects FDI. The objective of doing so is to demonstrate the importance of investigating these specific HR/IR factors in the present investigation of Chinese FDI in Ireland.

Labour Costs

The issue of labour costs is arguably a very important factor for MNEs in their selection of FDI locations (Bognanno et al. 2005). This study finds no general scholarly consensus on the impact of labour costs on FDI location decisions. Although many studies have found little or no relationship between labour costs and FDI location decisions (Dunning 1993; Cooke 1997), some important academic studies provide counter evidence, finding that higher labour costs negatively impact on the location decisions of inward investing MNEs (Coughlin et al. 1991; Friedman et al. 1996; Mody and Srinivasan 1998; Bellak et al. 2008). In other words, countries or locations with higher labour costs are usually less attractive for FDI.

Turning to the present study of Chinese MNEs investing in Ireland, the issue of labour costs is arguably a more critical factor for investigation. This is primarily because of the substantial wage gap that historically existed between the two nations. For instance, China's average annual wage was reported as being less than €200 during the 1980s (China's National Bureau of Statistics 2001). While it was greatly increased during the 1990s, China's average annual

wage was still less than €1000 before the year 2000 (China's National Bureau of Statistics 2001). Ireland's average annual wage was approximately €10,555 during the 1980s and approximately €17,229 during the 1990s (Central Statistics Office 1981-2001). In other words, the average yearly wage of an Irish worker was significantly greater than that of a worker in China during the 1980s and the 1990s. According to latest official reports, a significant wage gap still exists between the two nations (China's National Bureau of Statistics 2016; Central Statistics Office 2016), which suggests that labour costs might have a negative impact on Chinese FDI in Ireland. Ireland is reported to have a comparative advantage in labour costs when compared to some larger developed economies, however, including those of the US, Canada, Australia, Germany, and the UK, which have all attracted relatively larger volumes of Chinese FDI (Deng 2004; Buckley et al. 2007; Buckley et al. 2008; Deng 2013; OECD 2016a). Therefore, labour costs in Ireland may be perceived differently by inward-investing Chinese MNEs. In summary, labour costs in Ireland may be seen either in a positive light (relative to higher-cost foreign locations) or negatively (being more expensive compared to China itself). Either way, it will be important to investigate the impact of labour costs on the Chinese MNEs that invest in Ireland.

The importance of examining the issue of labour costs is also reflected in two further considerations. Firstly, studies reported that Chinese companies are extremely cost-conscious (Hofstede 1993) and traditionally keep a tight rein on labour expenditure, which is also reflected in their outward FDI operations (Cooke 2012). Evidence confirms that high labour costs in a given location deter Chinese firms from investing there (Duanmu 2012). Secondly, the ability to exploiting the cheap labour available at home (China) has been widely recognized as one of the influential factors that greatly increases Chinese MNEs' competitiveness in the global context (Corkin and Burke 2005; Lucy and Christopher 2005; Aburaki 2013).

Labour Quality and Labour Availability

A host country's HR/IR 'system' may impact foreign investors' location decisions not only in terms of labour input costs, but also because of the distinctive skills and competencies of its labour force, i.e., labour quality and availability (Day and Wensley 1988; Cooke 1997; Gunnigle and McGuire 2001). The critical importance of having a qualified labour force with 'distinctive skills and competencies' in a foreign location in regard to FDI-location decisions has been established in work by Day and Wensley (1988), who defined 'superior skills' as 'the distinctive capabilities of personnel' that yield competitive advantage for a company and enable it to do more and/or better than its competitors. Superior engineering or technical skills may lead to greater precision or reliability in the finished product, for instance, whereas marketing and management skills may enable the company to adapt more responsively and quickly to changes in market requirements.

The majority of previous studies suggest that the average human-capital level of the workforce (i.e. labour quality) could be an important determinant for an FDI-location decision, especially for companies engaged in technology-intensive industries (Du et al. 2012). For instance, studies on US FDI found that labour quality and labour availability exerted a significant positive impact on the location decision, both in developed and developing countries (Mayuya and Jacobson 1991; Cooke 1997; Cooke and Noble 1998; Gunnigle and McGuire 2001; Fung et al. 2002; Lin 2011). Through statistical analysis of the distribution of US FDI across nine industries and nineteen OECD-member states, Cooke (1997) found that US MNEs have invested more in countries with higher levels of education (the common proxy of labour quality). This was then extended in the work of Cooke and Noble (1998), who found that a country's education and skill base level is by far the most critical factor in determining a country's IR system's attractiveness for FDI. At the national level of analysis, through in-depth interviews with senior executives from ten US MNEs in Ireland, Gunnigle and McGuire (2001)

found that labour supply and labour quality, in combination with other conventional socio-economic factors (e.g. a lower corporate tax rate), are significant factors that positively encouraged US MNEs to locate their FDI in Ireland. Similarly, a strong positive relationship was also found between labour quality and the location decision of FDI originating from other developed economies, such as Japan, South Korea and many European developed countries (Mody and Srinivasan 1998; Gao 2005; Kang and Lee 2007; Rios-Morales and Brennan 2007; Du et al. 2012).

However, available studies on FDI originated from developing countries (such as from China) reported that labour quality and labour availability had a much lower impact on location decisions, a phenomenon often attributed to different MNE ownership advantages and the effect of different focused industry sectors (Cheng and Kwan 2000a, 2000b; Lin 2011). With respect to the impact of labour availability, some empirical investigations reported that high unemployment rates within the host country had a negative impact on the location decisions of Chinese MNEs. This suggests that Chinese firms tend to shy away from countries with high unemployment rates (Duanmu 2012).

In summary, based on scholarly confirmation that labour quality and availability have a critical impact on FDI location of MNEs from developed economies (such as the US), but has a relatively lower importance for MNEs from developing economies (such as China), the issues of labour quality and labour availability are also identified as important areas for investigation. The importance is confirmed by the looming talent shortage reported in China, which might affect its outward FDI (Farrell and Grant 2005; Cai 2014).

Labour Regulation and Industrial Relations

In the extant literature, labour laws, union density and influence, collective bargaining coverage, and worker representation are all identified as key IR factors that may significantly impact the location decision of FDI (Mayuya and Jacobson 1991; Cooke 1997; Gunnigle and McGuire

2001; Bognanno et al. 2005). Notwithstanding a very recent body of literature suggesting the possibility of a positive correlation between FDI location and high union density levels (Haufler and Mittermaier 2011), the majority of scholars in this domain found that labour laws and trade union-related regulation were usually perceived as negative factors by MNEs in regard to FDI location decision. This is primarily because of the added costs and management challenges associated with such legislative and union-related constraints (Cooke 1997; Radulescu and Robson 2008). It would therefore seem that MNEs are usually attracted to countries and locations with similar or, ideally, lower levels of labour and employment regulation and less trade union presence and influence, compared to their home country.

Turning to the present investigation, there is undoubtedly huge variation between China's labour regulations and IR settings and those in Western, developed countries, such as Ireland (Warner and Ng 1999; Ng and Warner 2000). Studies show that despite some improvements in China's new labour laws (revised in 2011) and a growing awareness and usage of the legal arena by Chinese workers (Chan 2005), labour regulation in China provides a much lower level of protection of employee rights than is found in Western, developed countries, such as Ireland. Arguably worse is the relative lack of enforcement of the labour laws and major violations of workers' rights in China (Chan 2005). For instance, workers in both the state and the non-state sectors are frequently laid off with impunity, regardless of the legal procedures supposedly involved. Terms such as 'unfair dismissal', 'redundancy pay', 'overtime pay', 'maternity leave and pay,' 'workforce bullying' and 'workforce fairness and justice' have not even entered the vocabularies of most Chinese employers and employees. Generally speaking, unionisation in China is not 'democratic' in the sense of independent trade unionism in Western developed countries, including Ireland. At the very top, despite an increasing bargaining power and a growing pursuit of independence from the state and employers, China's labour union federation (ACFTU) still remains under the control of the Party-state (Chan 2005; Pringle and Clarke

2011; Cooke and Lin 2012). Chinese workers do not have freedom of association in workplaces. At the enterprise level, Chinese companies (particularly private enterprises) prefer to avoid dealing with trade unions. In the few cases where unions are recognised, these unions have been tame and are normally under management's control. In summary, significant evidence was found in the literature indicating that the Irish context has greater labour regulation and independent trade union influence and power, compared to China (Warner and Ng 1999). This suggests that labour regulation and IR may have a negative impact on Chinese FDI in Ireland. On the other hand, Ireland is generally perceived in the West as having a somewhat more permissive legislative and IR regime than many of its larger EU counterparts (such as Germany, or the Nordic and Scandinavian countries). This perception may give Ireland some comparative advantage as it strives to attract inward FDI (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Lavelle 2008). For instance, the in-depth empirical investigation of Gunnigle and McGuire (2001) found a high degree of 'satisfaction' among US MNEs with the level of labour regulations in Ireland. This may be related to the downward trend of union membership and recognition in Ireland (Gunnigle et al. 1997; Lavelle 2008). From this perspective, labour regulation and IR might be positively, rather than negatively, perceived by some Chinese MNEs in Ireland.

3.5 Conclusion

In conclusion, this chapter addresses and explains the critical question of why one might focus on HR/IR factors when analysing FDI location decisions. It presents an extensive review of previous academic research on the impact of HR/IR issues on FDI decision making, through which the rationale underpinning the research aim is presented and addressed. In addition, it demonstrates the theoretical development of current empirical investigation of Chinese MNEs investing in Ireland. Theoretically, this empirical investigation is based on two core IB theories, i.e. Dunning's eclectic paradigm and the internalisation theory that are outlined at the beginning

of this chapter. Studies within these two IB theories have identified a range of socio-economic factors that impact on the FDI location decision, most of which will be investigated and addressed within this empirical study. Furthermore, these two IB theories imply that HR/IR issues might affect FDI location decision by influencing the extent to which MNEs establish and/or exploit O-L-I advantages. This theoretical perspective has been adopted and addressed in a group of previous studies that examined the impact of HR/IR on FDI location decision. This body of previous studies is reviewed in this chapter. Building on and in line with these previous studies, a few broad HR/IR factors are identified for investigation in this study, namely including labour costs, quality, availability, regulation and industrial relations. Existing literature on each of these broad HR/IR factors is reviewed and summarized in this chapter. Finally, the importance of investigating these specific HR/IR factors in the present investigation of Chinese FDI in Ireland is also presented and addressed in this chapter.

CHAPTER FOUR: METHODOLOGY

4.1 Introduction

This chapter outlines the methodological approach used in this study. It begins by briefly revisiting the research objectives identified for investigation and explains the research approach taken to achieve these objectives. Then, the chapter provides a broad definition of the Chinese MNEs for investigation and outlines the various stages involved in the process of identifying a list of participating Chinese MNEs. Following this, the chapter describes and explains the selected research instrument, i.e. the semi-structured interview. At this point, key groups of interview participants are identified and profiled, and the process whereby the interview questions were chosen and structured is described. Next, other elements of data collection and data analysis are outlined, including ethical considerations, pilot testing, the main stages of fieldwork and relevant challenges to the task of data collection and data analysis. The various methodological choices and decisions made by the researcher are explained.

4.2 Research Aim and Objectives

In order to contextualise the methodological approach to this research, it is important to revisit and emphasize the research aim and objectives of this research. The overall research aim of this thesis is to partially address a puzzling phenomenon identified and addressed in Chapter Two, namely, that Ireland has attracted very little investment from Asia in general or from China in particular, and that this contrasts sharply with Ireland's remarkable success in attracting FDI from the US and from many developed Western countries. Building on the extensive literature review presented in Chapter Three, and on the discussions of the research background and context in Chapter Two, this thesis addresses two specific research objectives:

(1) To profile the population of Chinese MNEs investing in Ireland

(2) To investigate the impact of the following factors on the location decisions of Chinese MNEs investing in Ireland:

a) Socio-economic factors

b) HR/IR factors

4.3 Research Approach

'Methods of social research are closely tied to different visions of how social reality should be studied.'

(Bryman 2008, p. 4)

Prior to demonstrating the methodological approach adopted in this research, some essential philosophical issues in social science research were considered. In so doing, the following section firstly elaborates the leading philosophical underpinnings and paradigms with respect to the relationship between theory and research. Some epistemological considerations are also addressed. Following this, the distinction between quantitative and qualitative research strategies is then outlined. This outline covers their different epistemological foundations and considers different perspectives on the relationship between theory and research. Finally, the methodological approach employed in this study is demonstrated and explained.

Deductivism and Inductivism

The first philosophical issue considered relates to the relationship between theory and research. From this philosophical viewpoint, it is observed that the approaches taken in social science research are generally divided between two competing positions, i.e. *deductivism* and *inductivism*.

Deductivism represents the most common view of the relationship between theory and social research (Bryman 2008; Bryman and Bell 2011; Bryman 2012). When a deductive strategy is used, theory is viewed as something that guides and influences the whole research process

(including data collection and data analysis), and research is conducted primarily for the purpose of answering questions arising from theoretical considerations (Bryman 2008). Based on what is known in a particular domain, and on the theoretical considerations that apply in relation to that domain, deductive researchers deduce hypotheses that are going to be tested empirically. Once the hypotheses are accepted or rejected, deductive researchers revise the theory to reflect their findings (Bryman 2012). The findings of deductive researches are fed back into the stock of the theory, and into the literature associated with a certain domain of enquiry (Bryman 2008).

When an inductive stance is taken, on the other hand, theory is viewed as the outcome of research that occurs after the collection and analysis of part or all of the data associated with a research project. In other words, an inductive approach involves drawing generalisable inferences out of empirical observations (Bryman 2012). Just as a deductive strategy entails an element of induction for its last step, revising the theory, the inductive process is likely to entail a modicum of deduction. Once the phase of theoretical reflection on a set of data has been carried out, for example, the researcher may want to collect further data in order to establish the conditions in which a theory will and will not hold, which is related to deduction. Although it may have a deductive element, induction usually presents an alternative strategy for linking theory and research in social science research (Bryman 2008).

Positivism and Interpretivism

The second philosophical issue considered relates to some epistemological considerations that concern the essential question of what is (or should be) regarded as acceptable knowledge in a discipline (Bryman 2012). Two chief epistemological considerations are observed from this philosophical dimension, notably *positivism* and *interpretivism*. While the constituent elements vary between authors, positivism is usually perceived to entail five principles: phenomenalism, deductivism, inductivism, objectivism and ‘the truth’ (Bryman 2008, p.13). Positivism affirms

the importance of and advocates the application of the natural sciences to the study of social reality and beyond. Regarding the relationship between theory and research, positivism fundamentally distinguishes research from theory by identifying the role of research as to test theories (i.e. deduction) and/or to provide material for the development of laws (i.e. induction). As such, positivism entails elements of both a deductive approach and an inductive strategy. While it has been criticized for giving limited attention to the collection of empirical observations that are not influenced by pre-existing theories, positivism now seems more prevalent than other accounts of scientific practice (such as critical realism), and social science research tends to have largely positivist overtones (Bryman 2008; Bryman and Bell 2011; Bryman 2012).

In contrast to the positivist orthodoxy, an alternative epistemology is known as ‘interpretivism.’ Interpretivism is a broad term that covers the views of writers who have been influenced by different intellectual traditions, notably including ‘Weber’s notion of Verstehen,’⁶ ‘the hermeneutic-phenomenological tradition,’⁷ and ‘symbolic interactionism’⁸ (Bryman 2008, p.16). Emphasising the proposition that the subject matter of the social sciences — people and their institutions — is fundamentally different from the objects of the natural sciences, interpretivist researchers have been critical of the application of the scientific model to the study of the social world. In so doing, they advocate the grasp of the subjective meaning of social action and the implementation of a different logic of research procedure and strategy in

⁶ ‘Weber’s notion of Verstehen’ relates to the work of German sociologist, Max Weber. Weber established the interpretative or participatory examination of social phenomena, as an alternative to the sociological positivism. Weber’s Verstehen concept has been rooted in the interpretive analysis of social action.

⁷ ‘Hermeneutic-phenomenological tradition’ is another important tradition that emphasis and advocates the application of interpretation to social studies. Scholars of this tradition are interested in how people perceive phenomenon, events and conditions and advocates the application of interpretation in examining the social world or social behaviours.

⁸ ‘Symbolic interactionism’ is an American theory that develops from practical considerations. It is a pragmatic method to interpret social interactions, to understand how individuals interact with one another to create symbolic worlds, and in turn, how these worlds shape individual behaviours.

the study of the social world, so as to reflect the distinctiveness of human beings as against the natural order.

With respect to the interconnections between epistemological considerations (positivism and interpretivism) and research approaches (deductivism and inductivism), a deductive approach to the relationship between theory and research is typically associated with a positivist position. While inductivism is also perceived as a feature of positivism (third principle), when positivism is used in the practice of social research, it is the deductive element that tends to be emphasised (second principle). In contrast, the engagement of an interpretivist researcher in bringing subjective interpretation into operation is very much part of an inductive strategy. However, such interconnections between epistemological considerations and research approaches should be treated with caution and not overstated, since they only represent tendencies rather than definite points of correspondence. As Bryman (2008, 2012) concluded, particular epistemological principles and research practices do not necessarily go hand-in-hand in a neat, unambiguous manner.

Quantitative and Qualitative Research

'By a research strategy, it means a general orientation to the conduct of social research.'

(Bryman 2008, p.22)

Some writers on methodological issues regard the distinction between quantitative and qualitative research as a fundamental contrast, whereas others view it as ambiguous and no longer useful. For many writers, quantitative and qualitative research can nevertheless be taken to form two distinctive clusters of research strategy. As such, the quantitative/qualitative distinction will be employed in this thesis primarily for two reasons. Firstly, the quantitative/qualitative distinction is perceived as a useful means of classifying different

methods of social research. For example, the use of the questionnaire is often associated with a quantitative research strategy, whereas the interview (or semi-structured interview) method is often associated with a qualitative research strategy. Secondly, the quantitative/qualitative distinction serves as a useful rubric for considering a range of philosophical issues concerned with the practice of social research, including the relationship between theory (deductivism or inductivism) and the epistemological foundations (positivism and interpretivism).

The following table outlines the fundamental differences between quantitative and qualitative research strategies in terms of their epistemological foundations and propositions on the relationship between theory and research.

Table 9: Fundamental Differences between Quantitative and Qualitative Research Strategies

	Quantitative	Qualitative
Principal orientation to the relationship between theory and research	Deductive; testing of theory	Inductive; generation of theory
Epistemological orientation	Natural-science model, particularly positivism	Interpretivism

[Source: adapted from Bryman 2008, p.22]

As illustrated in Table 9, quantitative research can be constructed as a research strategy that a) emphasises quantification in the collection and analysis of data; b) entails a deductive approach to the relationship between theory and research, in which the research purpose is primarily to test theories; and c) has adopted the practices and norms of the natural sciences and assumes a positivist epistemological position. In contrast, qualitative research can be construed as a research strategy that a) usually emphasises words rather than quantification in the collection and analysis of data; b) predominantly emphasises an inductive approach to the relationship between theory and research, in which the research purpose is primarily to generate theories from empirical observations and other sources, including interviews; and c) has been critical

of the practices and norms of the natural scientific model and focuses instead on how human beings interpret their social world. However, it is important to note that none of these approaches to the relationship between theory and research is entirely straightforward. To a large extent, the differences between different epistemological positions and different quantitative and qualitative strategies are possibly better thought of as tendencies than as hard-and-fast distinctions (Bryman 2008).

IB research has long been associated with a deductive and quantitative approach associated with a positivist epistemological position. This is perhaps natural given the use of large quantitative datasets that provide significant statistics for theory testing and development (Vaara and Tienari 2004; Birkinshaw et al. 2011). However, there has been a growing body of support for the greater integration of the kind of inductive and qualitative approach that is associated with an interpretivist epistemological stance within the domain of IB research (Gephart 2004; Marschan-Piekkari and Welch 2004; Zalan and Lewis 2004; Birkinshaw et al. 2011; Welch et al. 2011; Welch and Piekkari 2017).

While different research philosophies tend to advocate one approach over another as addressed in above paragraphs, in the actual practice of social research, research methodologies often integrate both deductive and inductive elements to create a more dynamic and valid process of theory development (Monaghan 2013). Having stated that, it is essential to ensure the suitability and fitness of the specific research methodology implemented. Methodological suitability is achieved by maintaining internal consistency amongst all elements of the study, including the research objectives/questions, prior theories and research findings, research methodology and theoretical contribution (Edmondson and McManus 2007). This in turn can greatly enhance the quality of the research.

As outlined in the opening of this chapter, this study seeks to investigate factors impacting the FDI location decision of Chinese MNEs investing in Ireland, with particular reference to the

impact of HR/IR considerations on this decision. This study employs a qualitative interpretivist research approach that involves an on-going and dynamic iteration between deductive theory testing and inductive theory development to understand the FDI location decision of Chinese MNEs who opt to invest in Ireland. The element of deductive theory testing is reflected in the way that some theoretical concepts from previous studies in the domains of IB and HR/IR are used to develop an empirical theoretical framework and model for research that incorporates a range of socio-economic factors and quite a few HR/IR factors identified for investigation. The element of inductive theory development is reflected in the fact that some empirical insights and observations emerge organically from the qualitative data collected. In this study there was a high level of researcher flexibility in developing the research objectives and the connection and analysis of data (Meyer 1982; Edmondson and McManus 2007). With an interpretivist stance, the researcher may come up with some varied or surprising findings, or at least findings that appear surprising if a largely external stance is taken — that is, a position from outside the particular social context being studied (Bryman 2008; Bryman and Bell 2011; Bryman 2012). Therefore, the researcher is encouraged to fully engage with the empirical and qualitative data collected.

4.4 Research Design

Defining Chinese MNE for Investigation

Given the two research objectives identified for this study, i.e. to profile the population of Chinese MNEs investing in Ireland and to investigate the factors impacting on their location decisions, with particular reference to exploring the impact of HR/IR factors, it is important to provide a definition of the Chinese MNEs that are going to be profiled and investigated in this study.

A survey of the extant literature suggests that although different definitions of MNEs have been offered — for example Buckley and Casson (1976) defined MNE as ‘an enterprise which owns

and controls activities in different economies’ (Buckley and Casson 1976, p.1) — no universal definition of the MNE has been agreed on. According to the *World Investment Reports* published by UNCTAD, an MNE was defined as an ‘incorporated or unincorporated enterprise comprising parent enterprise and their foreign affiliates’ (UNCTAD 2009, p.243). Building on the definition of the MNE that is found in the extant literature (c.f. Buckley and Casson 1976; UNCTAD 2009), this study seeks to identify and investigate:

Chinese multinational companies with investment operation[s] in Ireland.

Compiling a List of Chinese MNEs in Ireland

Prior to collecting empirical data on the factors impacting the location decisions of Chinese MNEs investing in Ireland, a representative sample of participants was required. In the absence of a definitive database of Chinese MNEs investing in Ireland, the first step in the research process was to identify and profile a representative list of Chinese MNEs investing in Ireland. The decision to compile a single listing of Chinese MNEs with overseas investment in Ireland was based on Williams (1997) who states that if there is no comprehensive list available, it is good practice to collect information from a number of key sources and generate an accurate, representative list (Williams 1997). This method of generating a representative list has been successfully used in a number of previous studies of the activities in Ireland of MNEs originated from other countries (McDonnell et al. 2007; Lavelle et al. 2009; Edwards et al. 2013; Monaghan 2013).

The list of Chinese MNEs investing in Ireland proved particularly challenging, but has been achieved by analysing a wide range of sources, including both primary and secondary empirical data and anecdotal evidence. To provide guidance during the initial research process, selected official sources, including UNCTAD, OECD and MOFCOM, were initially reviewed with the purpose of identifying leading Chinese MNEs that were reported as frequent overseas investors around the world. Following this, a number of other sources were used, including:

- A preliminary list from Ireland’s IPAs that covered grant-aided Chinese MNEs investing in Ireland.
- A list of potentially important contacts for research and relevant background information in regard to Chinese MNEs investing in Ireland. This list was also provided by Ireland’s IPAs. Ireland’s IPAs revealed, for example, that some Chinese MNEs had established significant trading connections with Irish companies before they decided to locate FDI operations in Ireland.
- A brief list of Chinese MNEs that received some sort of intermediate support from, and were in contact with, the Chinese government organisations in Dublin. This list was provided by the Chinese government organisations themselves.
- Sources provided by number of related Irish and Chinese commercial chambers and associations, including the Huaxia Chamber of Commerce, the Association of Chinese Professionals in Ireland, the Ireland—China Business Network and the Ireland—China Business Association. This group of sources contributed important pre- and post-investment background information on Chinese MNEs investing in Ireland. More importantly, they identified essential contacts to help gain access to relevant Chinese MNEs, and consequently to collect further empirical data for the research.
- Selected popular Irish and Chinese media sources. These sources also yielded information useful for compiling the list of Chinese MNEs investing in Ireland. Among these sources are *The Irish Times*, *The Irish Independent*, the *Xinhua News Agency* in Dublin and the *Xindao Weekly Newspaper* (Dublin).

These sources were found particularly helpful in the collection of effective information and data for compiling the list of Chinese MNEs investing in Ireland. This included the identification of important contacts to access relevant Chinese MNEs for further investigation and acquiring some historical and background information on Chinese MNEs in Ireland.

Ireland's IPAs were particularly helpful during this stage of research process, not only providing a list of Chinese MNEs that served as the preliminary research list but also sharing some essential up-to-date information about Ireland's latest approaches to Chinese MNEs/FDI. Ireland's IPAs also provided some critical contacts that made it possible to gain access to several relevant Chinese MNEs investing in Ireland for the purpose of collecting further qualitative data. The Chinese government organisations and relevant Irish and Chinese commercial chambers and associations, together with the Chinese community in Ireland, also provided useful historical background about Chinese MNEs investing in Ireland.

Helpful as these sources were, they still left some gaps for a researcher seeking to profile the total population of and capture the pattern of Chinese MNEs investing in Ireland. These gaps and problems will now be considered in turn:

- The first problem is lack of comprehensiveness. None of the lists provided by these sources captured *all* categories of Chinese MNEs investing in Ireland. For example, the list provided by Ireland's IPAs only covered grant-aided Chinese. Similarly, the lists provided by the Chinese government organisations in Dublin and relevant commercial chambers and associations documented only the MNEs that they had interacted with.
- Another problem is that some information provided by these sources was inaccurate in certain respects, particularly in relation to company addresses, employment figures, investing methods, investing sectors, and so on.

As such, all the companies from the above-mentioned sources were merged in order to create a new list of MNEs involved in FDI in Ireland. This list was then edited in an attempt to get rid of the double-counting problem that resulted because some companies appeared more than once on the merged listing. Additional sources were then used to check each of the companies on the new list, so as to ensure that they met the criteria, and that all the company information

on the new list was correct. These additional sources included company websites, the Irish Companies Registration Office (CRO) (<https://www.cro.ie/>) and *SoloCheck*, an on-line website checking information about Irish companies and Irish directors (<http://www.solocheck.ie/>). Where ambiguity still existed around a company, that company was contacted by email or telephone to confirm the information in question.

At the end of this research process, a total of 26 Chinese MNEs were identified as having established FDI operations in Ireland across the time period under investigation, all of which are discussed in this thesis without being named. A full list of the 26 Chinese MNEs, listed as Companies A to Z, is outlined in Table 16 and further discussed in Chapter Five.

4.5 Research Instrument

The choice of a qualitative approach in this study was initially based on the very small presence of Chinese MNEs in Ireland identified from our initial investigation of secondary sources. As noted above, only 26 Chinese MNEs were identified with overseas direct investment operations in Ireland. Significantly, this confined the sample size to one that falls short of the standard requirement for a quantitative analysis. Given the small population of 26 Chinese MNEs in Ireland, the intention of research was never to survey these companies but rather to conduct interviews with these companies. Consequently, our empirical investigation is posited as illustrative of avenues for further study in countries with a larger Chinese MNE presence.

Qualitative Semi-Structured Interview

Nevertheless, the choice of an appropriate research instrument is predominantly driven by the theoretical underpinnings, philosophical propositions, research objectives and quality of information the particular research instrument can garner (Saunders et al. 2009). Given the exploratory nature of the research aim and objectives of this study, especially the objective of investigating the impact of HR/IR factors and more general factors on the location decision of Chinese MNEs in Ireland, there was significant merit in adopting a qualitative research

instrument. As such, this study primarily adopts a qualitative research instrument using semi-structured interviews with the purpose of garnering rich and novel insights on the opinions and perspectives of the respondents on research topics.

In social science research, interviewing remains one of the most common forms of collecting data, particularly qualitative data, which allows for a dynamic and interactive researcher-to-respondent dialogue (Lee and Lings 2008; Bryman and Bell 2011). Although there are many possible approaches to conducting qualitative interviews, unstructured and semi-structured interviews represent the primary options. While unstructured interviews allow the interviewees to talk freely regarding general or broad topics, semi-structured interviews require the interviewees to concentrate on a number of specific, pre-identified issues or topics (Bryman and Bell 2011). From a general point of view, the primary focus of semi-structured interviews is exploratory and aimed at gaining rich, novel insights into the perspectives and opinions of the interviewee while retaining a specific focus on key issues. The role of the interviewer is to prompt the respondent to discuss and comment on particular themes or topics (Bryman and Bell 2011). A high degree of flexibility can be achieved through this specific method. Evidence within the domains of IB, HR and IR, has illustrated that requests for an interview generally obtain a higher response rate than survey questionnaires; however, this advantage is often negated by the significant investments of time and expense (Daniels and Cannice 2004). Given these attributes, it is apparent that semi-structured interviews are best suited to the exploratory nature of the research objectives of this study, and to the philosophical assumptions of its research approach, offering a fundamental facet of the research strategy.

In the present study, a semi-structured interview format is viewed as particularly appropriate for identifying and evaluating the reasons for organisational decision making, as it facilitates a detailed unravelling of the complex linkages, particularly the dynamics of formal or informal interactions and responses, between Chinese firms and local HR/IR factors and other more

general traditions and institutions. This allowed for the collection and analysis of highly valuable insights and data on the main research topics (Ferner et al. 2005). In addition, the adoption of semi-structured interviews represents an effective approach and solution to the problem of accessing Chinese MNEs, a critical challenge experienced in this research and also identified in previous studies on Chinese MNEs (Ding et al. 2006; Zheng et al. 2006; Cooke and Lin 2012; Cooke 2012). Finally, this approach broadly replicates a previous equivalent study of the impact of HR/IR factors on the location decision of US MNEs in Ireland and therefore facilitates comparison between methodologically similar studies (Gunnigle and McGuire 2001).

Identifying Key Interview Candidates

In the literature on interviews, scholars have argued that some respondents may be more accurate than others due to their knowledge of the situation and/or involvement within the relevant domain(s) (Romney and Weller 1984). In this study, high-level criteria are adopted in the identification and selection of interviewees. Across the whole interviewing process, significant effort was given to ensure that ‘the most knowledgeable and authoritative respondent’ was always used, in a similar fashion to that exemplified in the extant literature (Wright et al. 2001; Edwards et al. 2013). The adoption of such high-level criteria in selecting interviewees greatly ensured the suitability of every respondent and consequently improved the validity and quality of the data collected.

In strict compliance with the high-level criteria adopted for interviewee selection, the first group of knowledgeable and authoritative respondents identified include chief executive officers (CEOs), deputy CEOs, managing directors, general managers, HR managers and other senior managers (see Table 10) who are employed in Chinese MNEs. These interviewees would reasonably be expected to provide highly valuable insights into and qualitative data on all of the main research topics (such as initial investing motivations, strategies, entry methods,

investing sectors, primary products and activities and the influential factors, including the HR/IR factors).

Table 10: Summary of Key Interviewees

Organisation	Job Title/ Interviewee Positions
Relevant Chinese MNEs	CEOs/Deputy CEOs
	HR directors/managers
	Other managerial personnel
Ireland’s IPAs	Regional directors
	Senior executives
	Administration on China issue
Relevant China-Ireland Commercial Chambers and Associations	Chairman, senior executives and other managerial staff
Chinese government organisations in Dublin and other relevant organisations	Senior executives, CEOs, chairpersons, and other managerial staff
Academic experts (a) ⁹	Professors/senior lecturers and researchers
Business experts (b) ¹⁰	CEOs, senior executives, senior managers and professional consultants

In addition to conducting in-depth interviews with senior executive and managerial personnel employed in relevant Chinese MNEs in Ireland, this study also seeks to extend the scope of the interview process to cover other key informants who are independent from Chinese MNEs. These additional informants include regional directors, chairpersons, CEOs, and other managerial personnel from Ireland’s IPAs, China–Ireland commercial chambers and associations and other bodies with relevant knowledge of FDI/Chinese FDI (see Table 10). In

⁹ ‘a’ refers to individual academic experts who have professional knowledge about Chinese FDI/MNEs and/or Ireland’s attraction of FDI and/or the interactions of Chinese FDI/MNEs in Ireland

¹⁰ ‘b’ refers to individual business professionals who, although working with other MNEs or domestic firms, have extensive knowledge of Chinese FDI/MNEs and/or of Ireland’s attraction of FDI and/or of the interactions of Chinese FDI/MNEs in Ireland.

addition, this study also interviewed some individual business professionals and academic scholars who have frequent engagements and interactions with Chinese MNEs in Ireland and/or extensive knowledge on Chinese FDI/MNEs (see Table 10). The participation of these high-level respondents from Ireland's industrial promotion organisations and institutions and other relevant organisations is a significant strength of the study, because these bodies can greatly inform the policy aspects of the research. On the other hand, interviews with the Chinese government organisations in Dublin are likely to advance our understanding of the attitudes, insights and role of Chinese government with respect to Chinese FDI/MNEs investing in Ireland. Interviews with other expert informants of significant relevance serve as a counterbalance to the opinions and perspectives of the MNE respondents. Consequently, a fully-rounded and objective perspective can be acquired and offered on each of the topics under investigation in this study (see later Finding and Discussion chapters).

Formulating Interview Guidelines

In formulating the interview guidelines, the primary aim was to identify and investigate the possible factors (including HR/IR and more general factors) impacting the location decision of Chinese MNEs investing in Ireland. Based on an exhaustive literature review, a comprehensive list of issues for empirical investigation was compiled which formed the basis for the creation of an interview template (as outlined in Appendix C and Appendix D) to guide and frame the conversation with the interviewees. Appendix C reproduces the guidelines for interviewing MNE respondents, whereas Appendix D contains the guidelines used for interviews with individual expert informants of significant involvement and relevance in the field. These guiding structures have several uses, including: a) identifying issues for investigation; b) serving as a checklist to ensure all relevant topics of research interest were covered; c) ensuring significant flexibility for participants to discuss and comment on specific issues they were interested in; and d) facilitating subsequent, systematic analysis to identify key influencing

factors and patterns of decision making among the cadre of Chinese MNEs studied. The interview formats have six main components:

- 1) A brief explanation of the research aim and objectives, and details of the respondent's job, involvement and relevance in the field and representing institution/organisation.
- 2) Information about Ireland's performance, approaches and strategies for attracting Chinese FDI.
- 3) Information about the current population of Chinese MNEs in Ireland, including the key investors, investing reasons, employment figures, investing methods, sectors and key activities in Ireland.
- 4) Further insights into and comments on factors impacting the location decision of Chinese MNEs.
- 5) Further insights into and comments on the specific impact of HR and IR considerations on the location decision of Chinese MNEs in Ireland.
- 6) Concluding comments and views, and additional comments on Chinese MNEs investing in Ireland.

Issues identified were explored in an interactive fashion, including HR/IR factors, i.e., labour costs, labour quality, labour availability, labour regulation and IR and more general factors (see Appendix C and Appendix D). The interviewer asked only a few open questions to prompt the respondent to discuss and comment on the research topics (Bryman and Bell 2011). The open-ended nature of the questions provides opportunities for both the interviewer and interviewee to discuss certain topics in more detail during the process of interviewing. A high degree of flexibility was given to respondents in terms of how to understand and interpret these HR/IR factors or other more general factors listed, although some generic explanations were provided to help respondents understand the meanings of the specific HR/IR factors or other more general factors investigated.

Ethical Considerations

Where the research activities involve the use of human participants, it is imperative for the researcher to pay attention to ethical considerations in order to ensure that the research is ethically sound. The approach chosen for this study conforms to the *Research Governance and Ethics* standards of the University of Limerick. The ethical framework used here has been approved by the *Kemmy Business School Research Ethics Committee*, confirming that this study meets the moral, methodological and safety guidelines of social science research that involves human participants. More information about the ethical considerations and evidence of ethic approval is presented in Appendix E.

4.6 Pilot Testing

Since pilot testing can provide an essential foundation for the research process (Bryman and Bell 2011), a total of five pilot interviews were carried out in November 2011 prior to conducting the main field research. The pilot-interview schedule is presented in Table 11.

Table 11: Pilot-interview Schedule

Respondent	Organisation	Interview Date	Interview Location
Manager	Chinese Chamber of Commerce	07/11/2011	Dublin
Executive Officer (dealing with China)	Ireland's IPA	10/11/2011,	Limerick
Administrator (dealing with China)	Ireland's IPA	14/11/2011	Dublin
PhD Researcher	University	17/11/2011	Dublin
PhD Researcher	University	21/11/2011	Limerick

As illustrated in Table 11 above, three pilot interviews were conducted with respondents who were directly involved in the field, i.e., one interview with a managerial respondent from a local Chinese commercial community in Dublin and two interviews with respondents from an

Irish IPA. Two additional pilot interviews were carried out with two PhD colleagues who did not have direct involvement in the field of Chinese MNEs investing in Ireland but had extensive knowledge of Ireland's attraction of inward FDI. These pilot interviews proved invaluable in terms of refining the semi-structured interview guide and improving the research process, notably the collection and analysis of data. The key functions and benefits derived from this pilot testing process are outlined in the following list.

- 1) The pilot-testing process created a good opportunity for the researcher to identify a number of potential issues with the semi-structured interview guide. The specific problems identified included wording errors and ambiguity, sensitive questions or topics, missing themes or options, structural fluency. As such, considerable editing and re-structuring work was carried out after the pilot testing.
- 2) The process also allowed the researcher to become more familiar with the selected research instrument and to identify any difficulties with or gaps in the research instructions or guidelines that may have been overlooked during the development process.
- 3) Pilot testing provided accurate feedback information on the performance and effectiveness of the selected research instrument, with respect to the type and quality of data that would be gathered.

4.7 Main Fieldwork Stage

Sample of Chinese MNEs Investigated

Having identified the population of Chinese MNEs investing in Ireland and selected the research instrument of qualitative semi-structured interview, the next phase of the research was to select the sample for particular analysis. Anderson (2004) outlines two specific criteria for selecting samples to be used in quantitative research: a) the sample size should be large enough in order to be suitable for statistical analysis; b) the selection process should be random and

unbiased (Anderson 2004). In contrast, purposive sampling in qualitative research is theoretically guided and requires a critical selection of cases that illustrate some feature or process on which the research focuses, and which is considered most likely to generate interest (Denzin and Lincoln 2011; Silverman 2013). Although researchers would ideally like to include the total population as their sample for analysis, this generally proves impossible, due to the costs and time that it might entail.

For this study, the total population of Chinese MNEs in Ireland was found to be quite small. Only 26 Chinese MNEs were identified with overseas direct investment operations in Ireland across the time period under investigation. Eighteen of these 26 MNEs have existing investment operations in Ireland, whereas eight MNEs had already closed down their Irish investment operations at various times between the later 1990s and the early 2000s (See Table 16, Chapter Five). Given the small population of Chinese MNEs identified, the initial approach adopted was to contact and investigate all of these companies, including the eight Chinese MNEs that had already closed down. Hence, significant effort was devoted to contacting all of these 26 MNEs at the beginning of the research project. The MNEs were contacted by email and informed of the purpose and objectives of the research project to which they were being asked to contribute. After obtaining responses and agreements to participate in the study, responding companies were then contacted by emails and/or phone to schedule follow-up arrangements in regard to conduct semi-structured interviews. Companies that did not respond were emailed after three months, and some of them were also contacted by phone.

While significant effort was made to gain access to and secure interviewing opportunities with all of the 26 Chinese MNEs profiled in Table 16, this proved to be an impossible task for the researcher(s), due to limited time, funding, and contacts; and to the fact that some of the MNEs had closed down and left Ireland. As a result, eight Chinese MNEs responded and participated in this study, with five MNEs having existing operations in Ireland and three MNEs having

closed down their Irish operations. The response rate turned to be 30.77%. The eight companies' experiences of locating in Ireland were retrospectively investigated. The eight Chinese MNE subsidiaries interviewed are coded as Com. B, Com. D, Com. I, Com. K, Com. L, Com. O, Com. P, and Com. R. Details of these companies are provided in Table 12. The literature on methodology recommends obtaining a representative sample of MNEs by using different modes of entry, because the internationalisation process is significantly shaped by mode of entry (Buckley and Casson 1998). The participating Chinese MNEs in this study were predominantly Greenfield investments (viz. Com. B, Com. D, Com. K, Com. L and Com. P), however. In only one case did the company entered Ireland by means of M&As (Com. R). On two occasions, entry was achieved jointly by means of Greenfield investments and M&As (Com. I and Com. O) (see Table 12). This unbalanced sample in terms of entry mode is probably due largely to the fact that Chinese FDI in Ireland is generally entered through Greenfield operations (see Chapter Five for more information). The participant Chinese MNEs were then categorised into two broad sectors: manufacturing and services. Given that all participating MNEs were already established in Ireland at the time of investigation, the data was collected retrospectively.

Table 12: Profile of MNE Subsidiary Participants

Company Name	Effective Years	Industry Sector	Employment	Investing methods
Company B	1983-1991	manufacturing	100-199	Greenfield
Company D	1984-2005	manufacturing	500+	Greenfield
Company I	2005-present	service(ICT)	100-199	Greenfield; M&As
Company K	2006-2013	service (health)	50-99	Greenfield
Company L	2007-present	manufacturing	<50	Greenfield
Company O	2009-present	service (finance)	<50	Greenfield
Company P	2010-present	service (finance)	<50	Greenfield; M&As

Company R	2010-present	service (ICT)	<50	M&As
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List of Interviews Conducted

As mentioned above, this study has extended the interview scope to cover both managerial personnel employed in relevant Chinese MNEs and other key informants who are independent from Chinese MNEs. The aim is to acquire a fully rounded perspective on the research topics. On confirmation of participation in this study, a time and date for a face-to-face interview was subsequently scheduled to meet the needs of the interview participant. In some cases, multiple participants from a single MNE or organisation or institution were interviewed simultaneously due to participants' requirement. As a result, a total of 40 in-depth interviews have been conducted over a four-year period (from November 2011 to February 2016). Table 13 below provides details of every interview conducted over the research period.

Table 13: List of Interviews Conducted

Interview Date	Respondent	Organisation Type	Interview Location
10/11/2011	Executive dealing with Chinese FDI in Ireland	Overseas office of National Inward Investment Authority	Limerick
14/11/2011	Administrator dealing with Chinese FDI in Ireland	National Inward Investment Authority	Dublin
26/11/2011	Researcher	Academic	Dublin
01/12/2011	Regional director	Overseas office of National Inward Investment Authority	Limerick
09/01/2012	Professor	Academic	Limerick
11/01/2012	Business-development executive	National Inward Investment Authority	Dublin
24/02/2012	Senior lecturer	Academic	Dublin
04/04/2012	Senior consultant	Inward Investment Organisation (Irish)	Dublin

10/04/2012	Business-development manager	Chinese MNE (Service)	Dublin
25/04/2012	Head of high-growth markets	National Inward Investment Authority	Dublin
26/04/2012	Chairman	Commercial chamber (Chinese)	Galway
01/06/2012	Chairman	Relevant organisation (Chinese)	Dublin
10/07/2012	CEO	Relevant organisation (Chinese)	Dublin
27/07/2012	(Former) managing director	Relevant organisation (Irish)	Galway
27/07/2012	Managing director	Relevant organisation (Irish)	Galway
01/08/2012	Head of high-growth markets	National Inward Investment Authority	Dublin
18/09/2012	Chief executive officer	Commercial chamber (Irish)	Cork
21/09/2012	Deputy general manager	Chinese MNE (Financial Services)	Dublin
21/09/2012	HR manager	Chinese MNE (Financial Services)	Dublin
16/10/2012	Senior manager	Relevant organisation (Irish)	Galway
07/01/2013	Business-development manager	Relevant organisation (Irish)	Galway
11/01/2013	Professor	Academic	Galway
11/03/2013	Managing director	Chinese MNE (Manufacturing)	Dublin
04/06/2013	Managing director	Chinese MNE (Manufacturing)	Dublin
26/06/2014	Managing director	Chinese MNE (Manufacturing)	Dublin
19/08/2014	Managing director	Chinese MNE (ICT)	Cork
16/11/2014	Senior consultant	Relevant organisation (Chinese, asset-management sector)	Dublin
17/12/2014	Financial consultant	Inward Investment organisation (Irish)	Limerick

02/03/2015	Deputy general manager	Chinese MNE (financial services)	Dublin
09/03/2015	General manager	Chinese MNE (financial services)	Dublin
23/03/2015	Managing director	Chinese MNE (financial services)	Dublin
27/03/2015	Regional manager	Chinese MNE (healthcare)	Dublin
30/03/2015	Senior manager	Chinese MNE (healthcare)	Dublin
13/04/2015	HR personnel	Chinese MNE (manufacturing)	Limerick
16/04/2015	General manager and director	Chinese MNE (manufacturing)	Dundalk
24/04/2015	Chairman	Commercial chamber (Chinese)	Dublin
13/05/2015	Managing director	Chinese MNE (manufacturing)	Dublin
12/06/2015	Researcher	Academic	Dublin
15/07/2015	CEO	Commercial chamber (Irish)	Dublin
26/02/2016	Vice-president for global public affairs	Chinese MNE (ICT)	Dublin

All interview participants are profiled in Table 14 below. As this table shows, 16 in-depth interviews were conducted with respondents from these eight Chinese MNEs. In strict compliance with the high-level criteria adopted for interviewee selection, all of these respondents were in high and senior managerial positions, including CEOs, managing directors, general managers, HR managers and other senior managers (See Table 14). These interviews provided highly valuable insights into and qualitative data on all of the main research topics (such as initial investing motivations, strategies, entry methods, investing sectors, primary products and activities and the factors including the socio-economic and HR/IR factors).

In addition, a total of 24 in-depth interviews were conducted with other independent expert informants of significant relevance (See section 4.5.2 for more details on these expert

informants). The selection of these expert informants was also in strict compliance with the high-level criteria adopted for interview selection for this study. All of these expert informants interviewed held senior or high-level job positions whilst the business professionals and research scholars enjoyed international reputations in their fields (See Table 14). Consequently, some valuable independent opinions and perspectives on the research topics were collected from the 24 in-depth interviews with these informants, which helped to counterbalance and augment the opinions and insights gained from the MNE respondents.

Table 14: Details of All Interview Participants

Organisation	Job Title/ Interviewee Positions	Interviews	Total Interviews
Relevant Chinese MNEs	CEOs/deputy CEOs	9	16
	HR directors/managers	4	
	Other managerial personnel	3	
Industrial promotion agencies	Regional directors	2	6
	Senior executives	3	
	Administrative staff specialising in Chinese FDI in Ireland	1	
China-Ireland commercial chambers/associations	Chairman, senior executives and other managerial staff	5	7
Other relevant organisations	CEO/chairman	2	
Academic experts (a) ¹¹	Professors/senior lecturers and researchers	5	11

¹¹ ‘a’ refers to individual academic experts who have professional knowledge about Chinese FDI/MNEs and/or Ireland’s attraction of FDI and/or the interactions of Chinese FDI/MNEs in Ireland

Business experts (b) ¹²	CEOs, senior managers and business consultants	6	
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Total number of interviews: 40

Total with managerial respondents from Chinese MNEs: 16

Total with individual expert informants: 24

Total number of Chinese MNEs investigated: 8

On average, respondents were interviewed for about 60 minutes, extending to 90 minutes or 2 hours on occasion. Prior to engaging with the research topics, the interview opened with formal introductions to generate a professional rapport. Following this, a brief introduction to the research was provided. The researcher noted the use of a recording device, verifying permission for the use of this with the interviewee. Notes on the context of the interview and on the information provided were taken simultaneously to ensure the accurate recording of all data. These interviews maintained sufficient flexibility to allow for the exploration of the impact of the factors investigated, and for personal anecdotes from the respondent. When all items of the interview schedule had been discussed, participants were invited to offer any additional information or views on the subject of research. Future contact was facilitated to allow for the clarification of any issues with reporting of findings, and permission for telephone and email follow-up was obtained in order to clarify outstanding issues and gather supplementary information. Notes were also recorded immediately after completing the interview to ensure that all relevant information was documented.

Given the researcher's proficiency in both Mandarin and English, interviewees had the option of being interviewed in either Mandarin or English. The majority of interviews were conducted in English (31), but 9 interviews were conducted in Chinese, due either to the respondents'

¹² 'b' refers to individual business professionals who, although working with other MNEs or domestic firms, have extensive knowledge of Chinese FDI/MNEs and/or of Ireland's attraction of FDI and/or of the interactions of Chinese MNEs with Ireland.

personal preference or to the need to make the interviewing process as fluent as possible. Most interviews were conducted face-to-face (37). Three interviews were conducted by telephone, because the interviewees were located outside of Ireland (2 in Shanghai and 1 in Beijing). Thirty-seven interviews have been digitally recorded for accuracy and transparency. Detailed notes were taken as an alternative method during the other three interviews, largely because the respondents in those cases were unwilling to be recorded, either for personal reasons or due to company regulations. This is a common issue encountered by researchers while interacting with Chinese MNEs (Cooke and Lin 2012).

4.8 Data Analysis

Technical Adequacy

In addition to ensuring the methodological coherence of the various elements of the research, another essential methodological concern or requirement relates to the researcher's technical capability, which leads to the successful and effective employment and analysis of a methodological instrument (Edmondson and McManus 2007). In order to attain technical competency, significant training in qualitative research methodology was sought and received. The methodological courses taken are detailed in the following list.

- KBS Postgraduate Lecture Series in Research Methodology-Spring 2012 (University of Limerick, January 2012–April 2012)
- Winter School in Qualitative Research Methods (University of Limerick, January 2012)
- Introduction to NVivo (University of Limerick, May 2012–May 2013)
- Analysis with NVivo (University of Limerick, May 2012–May 2013)
- Working with Long Documents (University of Limerick, January 2013–April 2013)

These methodological courses proved extremely useful by providing basic knowledge of and obtaining essential skills in qualitative-data collection and analysis. Furthermore, some online resources (e.g. online videos and instructions on NVivo) and textbooks on qualitative research

were frequently consulted throughout the process of data analysis in order to enhance the researcher's competence with qualitative data analysis.

Data Analysis

Prior to the collection of empirical qualitative data, a database was created to store all secondary information pertaining to relevant Chinese MNEs investing in Ireland and Irish industrial promotion institutions, including public documentation, media reports, and annual reports from relevant Chinese MNEs and industrial promotion institutions. Additional information (on such topics as global and national economic activities, high-level government visits between the two nations and on-going interaction and cooperation between the two nations) that was not directly related to this study but served to contextualise the research was also recorded within this database.

In addition, a database of primary data was created, where all semi-structured interview recordings, transcripts and filed notes were saved and stored. As mentioned above, a total of 40 semi-structured interviews were conducted, with 37 interviews digitally recorded and 3 interviews documented in detailed, written notes. The 37 interviews with digital records were all transcribed verbatim by the researcher, resulting in over 600 pages of qualitative data, all of which were imported, coded and analysed using *NVivo 10*. *NVivo 10* is a data-analysis software program frequently used for comprehensively managing large amount of qualitative data. The detailed notes taken in the three unrecorded interviews were also imported, coded and analysed by using *Nvivo 10*. In so doing, the first stage of this qualitative data analysis involved the generation of a descriptive coding reference, which was mostly derived from the two semi-structured interview formats (See Appendix C and Appendix D). Following this, additional themes that emerged organically from interviews were also coded. Some additional themes might not be directly related to the research questions but provided interesting insights. These

were also included and coded. The following Table 15 summarises the coding structure used for the empirical qualitative data.

Table 15: Qualitative Coding Structure

<i>Respondent Profile</i>	
1.1	Current job position and main responsibilities
1.2	Work experience/length in relevant MNEs, organisations or institutions
1.3	Involvement and experience in the field
<i>General Picture of Chinese FDI in Ireland</i>	
2.1	Role and importance of Chinese FDI into Ireland
2.2	Ireland's performance to date
2.3	Challenges or problems faced by Ireland
2.4	Ireland's overall attractiveness to Chinese MNEs
2.5	Future of Chinese FDI into Ireland
<i>Irish Institutional Promotion</i>	
3.1	Attitudes of Irish government
3.2	Ireland's national IPA
	3.2.1 Roles and responsibilities
	3.2.2 Objectives, strategies and approaches for Chinese FDI
	3.2.3 Performance to date
	3.2.4 Key promoting sectors
	3.2.5 Impact of the IPA's previous track record
	3.2.6 Challenges faced
	3.2.7 Future expectations
3.3	Regional IPAs
3.4	Other institutional agencies/organisations involved
<i>Profile of Chinese MNEs in Ireland</i>	

4.1	Major investors	
4.2	Subsidiary history and background information	
4.3	Role of Irish subsidiary	
4.4	Investing scale and employment size	
4.5	Principle products, services and activities	
4.6	Investing sectors	
4.7	Investing methods	
4.8	Investing strategies	
4.9	Subsidiary business performance	
4.10	Business and management structure	
4.11	Expansion plans	
4.12	Potential investing sectors and investors	
<i>Factors Impacting MNE Location Decision</i>		
5.1	Host market and economy	
5.2	Location	
	5.2.1	EU location/membership
	5.2.2	Euro zone
	5.2.3	Time zone
	5.2.4	Geographic location
	5.2.5	Geographically close to UK
	5.2.6	Other locational concerns
5.3	Infrastructure and logistics	
5.4	Business system and environment	
	5.4.1	Business laws
	5.4.2	IP protection
	5.4.3	Capital access

	5.4.4	Currency
	5.4.5	Others
5.5	Tax incentives	
	5.5.1	Corporate tax
	5.5.2	Double-tax treaty
	5.5.3	Personal income tax
	5.5.4	Other tax concerns
5.6	Financial grants incentives	
	5.6.1	Training grants
	5.6.2	Employment grants
	5.6.3	Property leasing grants
	5.6.4	Other capital grants
5.7	Culture	
	5.7.1	Business cultures
	5.7.2	Management culture
	5.7.3	Language(English)
	5.7.4	Irish cultural attributes
5.8	Government relationships and impact	
	5.8.1	Government relationships between the two nations
	5.8.2	Recent government links
	5.8.3	Ireland's political neutrality
	5.8.4	Influence of the Chinese government
5.9	Immigration legislation	
	5.9.1	Work permits
	5.9.2	Visas
	5.9.3	Irish passports

5.10	Cluster effects	
	5.10.1	Industry expertise and service efficiency
5.11	R&D	
5.12	Irish indigenous companies	
	5.12.1	Local technologies
	5.12.2	Other strategic assets
5.13	Chinese diaspora in Ireland	
	5.13.1	Local diaspora connections
	5.13.2	Chinese organisations involved in FDI promotion
5.14	Agglomeration Effects	
	5.14.1	Existing American and other MNEs
	5.14.2	Existing Chinese MNEs
5.15	Ireland's national recognition and awareness	
5.16	Living costs	
5.17	Natural resources	
5.18	Other concerns	
<i>Impact of HR and IR factors</i>		
6.1	Labour costs	
	6.1.1	Pay and wages
	6.1.2	Training costs
	6.1.3	Other labour-related costs
6.2	Labour quality	
	6.2.1	Labour force's educational attainment
	6.2.2	Labour productivity/performance
	6.2.3	Labour capability/credibility
	6.2.4	Others

6.3	Labour availability	
	6.3.1	Available graduates and talent
	6.3.2	Ireland's young labour force
	6.3.3	Talent shortage
	6.3.4	Others
6.4	Labour laws and regulation	
	6.4.1	Redundancy regulation
	6.4.2	Minimum pay
	6.4.3	Public holidays
	6.4.4	Work Breaks
	6.4.5	Other regulation on employee rights and work protection
6.5	Trade Union and Industrial relations	
	6.5.1	Union membership
	6.5.2	Collective bargaining
	6.5.3	Union agreement
	6.5.4	Communication and interaction with trade unions
	6.5.5	Pay rates and pay rises
	6.5.6	Overtime work
	6.5.7	Other IR issues
6.6	Labour flexibility	
6.7	Work ethic	
6.8	HRM practices within MNE subsidiaries	
6.9	HRM challenges faced by MNE subsidiaries	
<i>Reasons for Investment and/or Closing down</i>		
7.1	Investment reasons/motives	
7.2	Reasons for Closing down	

4.9 Conclusion

This chapter has addressed the research methodology employed in this study. A review of the extant literature on the philosophical and theoretical underpinnings of research approaches shows that the methodological choices and decisions made in the research are overwhelmingly consistent with the researcher's philosophical paradigm and appropriately aligned with the nature and requirements of the research objectives or questions. As such, the chapter demonstrate that this study adopts an interpretivist qualitative research approach that combines the deductive elements of theory testing with the inductive element of theory development. The adoption of this specific research approach is mainly based on the grounds of its strong alignment with the exploratory nature of the research aim and objectives identified, and on its suitability for obtaining qualitative data required and subsequent qualitative analysis. Following this, a detailed illustration of various elements and stages involved in the research design and process of data collection was offered. This covered such matters as the listing of the population, the MNE sampling process, research instrument selection and design, interview participant identification and selection, and the process of data collection. Finally, various aspects of data handling and analysis were also detailed and discussed in this chapter. The process whereby empirical observations and data were transformed into research results, findings and insights will be presented and discussed in the following chapters.

CHAPTER FIVE: EMPIRICAL FINDINGS

5.1 Introduction

Following on from the previous chapter's detailed discussion of the methodology employed in this study, this chapter presents the empirical findings for the study's two research objectives. It begins by presenting the findings for the first research objective, i.e., profiling the population of Chinese MNEs engaged in FDI operations in Ireland. This includes an outline of trends relating to Chinese MNEs investing in Ireland. Following this, the chapter addresses the second research objective by presenting empirical findings associated with the qualitative interview data collected. This includes empirical findings on the socio-economic and political factors investigated and on the HR/ IR factors considered (i.e., labour costs, labour quality, labour availability, labour regulation and industrial relations).

5.2 The Characteristics of Chinese MNEs Operating in Ireland

Based on the primary and secondary data collected, a table was compiled that outlines the years of operation, investment sectors, employment size and investing methods of the 26 Chinese MNEs identified across the time period under investigation, 1982–2014 (see Table 16). The time period 1982-2014 was selected for investigation mainly because 1982 was found to be the first year of Irish operations for the 26 Chinese MNEs profiled and because this study finished collecting its empirical data on the population of Chinese MNEs in Ireland in 2014.

Table 16: Profile of Chinese MNEs in Ireland (1982 to 2014)

Company	Years of Operation	Industry Sector	Employee Numbers	Investing methods	Interviewed ?
Com. A	1982– 2000	Manufacturing	500+	Greenfield	—
Com. B	1983–1991	Manufacturing	100-199	Greenfield	Interviews conducted
Com. C	1983–2000	Manufacturing	100-199	Greenfield	—
Com. D	1984–2005	Manufacturing	500+	Greenfield	Interviews conducted
Com. E	1992–2011	Service (ICT)	<50	Greenfield	—
Com. F	1995– present	Service (financial)	<50	Greenfield	—
Com. G	2000–2008	Service (construction)	<50	Greenfield	—
Com. H	2002–2008	Service (construction)	<50	Greenfield	—
Com. I	2005– present	Service (ICT)	100-199	Greenfield; M&As	Interviews conducted
Com. J	2005– present	Service (ICT)	NA	Greenfield	—

Com. K	2006–2013	Service (health)	50-99	Greenfield	Interviews conducted
Com. L	2007– present	Manufacturing	<50	Greenfield	Interviews conducted
Com. M	2008– present	Service (consulting)	<50	Greenfield	—
Com. N	2009– present	Service (financial)	<50	Greenfield	—
Com. O	2010– present	Service (financial)	<50	Greenfield; M&As	Interviews conducted
Com. P	2010– present	Service (financial)	<50	Greenfield	Interviews conducted
Com. Q	2010– present	Service (ICT)	<50	Greenfield	—
Com. R	2010– present	Service (ICT)	<50	M&As	Interviews conducted
Com. S	2010– present	Service (engineering)	<50	Greenfield	—
Com. T	2011– present	Service (ICT)	<50	Greenfield	—

Com. U	2011- present	Service (ICT)	<50	M&As	—
Com. V	2012- present	Service (financial)	<50	Greenfield	—
Com. W	2013- present	Service (financial)	<50	Greenfield; M&As	—
Com. X	2014- present	Service (financial)	<50	Greenfield	—
Com. Y	2014- present	Service (financial)	<50	Greenfield	—
Com. Z	2014- present	Service (financial)	<50	Greenfield	—

In this investigation, the attraction of Chinese FDI/MNEs was frequently highlighted by interview respondents as important to Ireland. However, the total population of Chinese MNEs that have established investment operations in Ireland was found to be quite small and limited.

‘[Chinese investment] has an important role [for Ireland], but it’s a slow process. Because every country [has IPAs] in China. Every country is focused on engaging and developing relationships in China. We are no different. We have to work very hard on promoting the advantages that Ireland has, to position Ireland for future [Chinese] investment... [T]he success levels are very limited right now. But I do not think we are any worse than most other countries in Europe. It’s just the levels of investment from

China into Europe are quite low... If you compared the US investment into Europe for example, versus the Chinese investment into Europe, there are huge differences. Now, it's [a] very early stage for Chinese investment, because most of [China's] investment is going to the surrounding countries in Asia.'

CEO, Irish Industrial Promotion Organisation¹³

The data collected in this study demonstrates that the first wave of outward FDI from China into Ireland, dating from the early 1980s, comprised a comparatively small number of Chinese MNEs that were mainly involved in the manufacturing sector. These early Chinese MNEs entered Ireland via greenfield operations and employed relatively large numbers of workers in the Irish context, with the biggest MNE employing more than 1,000 workers (See Com. A, Com. B, Com. C and Com. D in Table 16). The data collected shows that this first wave of Chinese MNEs had all withdrawn from Ireland by the late 1990s or early 2000s. Turning to the current millennium, it was found that while greater numbers of Chinese MNEs have located in Ireland since 2000, their pattern of investment differs from the first wave in a number of respects. Firstly, they employ much lower numbers of employees on average and are predominantly located in the services sector, especially in internationally traded services such as information and communications technology (ICT) and financial services (notably aviation leasing) (see Table 16). Regarding their principal investing methods, again this often occurred through greenfield sites, although some Chinese MNEs entered Ireland via mergers or acquisitions (M&As). Selected secondary sources suggest that the above empirical findings on recent Chinese MNEs investing in Ireland are broadly in line with the overall pattern of Chinese MNEs investing in services sectors in other Western countries, with the majority hiring

¹³ Some of the interview quotations in this thesis are unedited transcriptions from the original interviews and are therefore somewhat rough in their syntax and grammar.

relatively small numbers of employees locally (Deng 2004; MOFCOM 2007, 2009, 2011; Deng 2013; MOFCOM 2014).

‘Chinese companies will not come to Ireland to invest in manufacturing, labour-intensive sectors, because the Irish labour costs are very high. Even [though] the Irish labour costs were reduced given the financial crisis, they are still high... The likely possibility is that Chinese companies come to Ireland to invest in capital-intensive and high technological sectors, because these sectors require highly educated, skilled, and technical people. In these areas, Ireland has advantages. I think this should be the broad trend [that] Chinese companies will come to invest in these areas [rather than] investing in manufacturing sectors that require a large amount of manual labour because of high [labour] costs [in Ireland].’

President, Chinese Organisation in Ireland

5.3 The Impact of Socio-economic and Political Factors on Chinese FDI in Ireland

Empirical findings associated with the socio-economic factors identified from the literature review will now be presented, including the market (both the Irish domestic market and the EU market), infrastructure and logistics, corporate tax, financial grants, the assistance available from Ireland’s IPAs, the English language, culture and business laws and regulations. In addition, some political issues were reported as having an important impact on Chinese MNEs in Ireland and are therefore also presented in this section. The empirical findings associated with these socio-economic and political factors for each of the eight Chinese MNEs investigated are summarised in Table 17. Further details of these empirical findings are provided in the following sections.

Table 17: The Impact of Socio-economic and Political Factors on the Location Decisions of the Eight Chinese MNEs Investigated¹⁴

Chinese MNEs	Domestic Market	EU Market	Infrastructure & Logistics	Corporate Tax	Financial Grants	IPAs¹⁵	Business Laws	Language¹⁶	Culture	Political Issues¹⁷
Com. B	-	+	-	0	+	+	0	+	-	+
Com. D	-	+	-	0	+	+	0	+	-	+
Com. I	0	+	0	0	0	+	+	+	+	0
Com. K	+	0	0	0	0	0	+	+	0	0
Com. L	-	+	0	0	0	+	0	+	0	0
Com. O	0	+	0	+	0	+	+	+	+	+
Com. P	0	+	0	0	0	+	+	+	+	+
Com. R	0	+	0	0	0	0	0	+	+	+

¹⁴ In the above table, ‘0’ means not important, having no impact; ‘-’ means having a negative impact; ‘+’ means having a positive impact.

¹⁵ ‘IPAs’ here refers to assistance and support from Ireland’s IPAs.

¹⁶ ‘Language’ here refers to the English language, the most commonly used language in Ireland.

¹⁷ ‘Political issues’ here refers to certain political events and to policies or events relating to the Chinese government.

Market

The issue of the market was investigated in this study. Responding to the interview question about the ‘market,’ the majority of interviewees commented on both the domestic market of the host location, i.e. on how the Irish domestic market might affect Chinese FDI in Ireland, and on the impact of other possible markets that can be accessed through investing in Ireland, in particular on how the EU market might affect Chinese FDI in Ireland. Based on the data collected, the issue of the Irish domestic market was reported as having a negative impact on the location decisions of early Chinese MNEs in Ireland, but was found to have no impact on the location decisions of the majority of the Chinese MNEs that invested in Ireland in recent times (See Table 17). Furthermore, the EU market has been identified as a factor that positively contributed to the location decisions of both early and recently-established Chinese MNEs in Ireland (See Table 17).

As reflected in the data collected, early-investing Chinese MNEs reportedly believed that Ireland, with its small population, provided a quite limited domestic market for MNEs. This was negatively perceived by early Chinese investors when making their location decisions (See Com. B and Com. D in Table 17). However, according to senior managerial respondents from early-investing Chinese MNEs, Ireland was perceived as a special link with Europe and America. In particular, Ireland’s location within the EU was viewed by early investors as an important factor that greatly increased Ireland’s locational advantage and positively encouraged the location decisions of such early-investing Chinese MNEs in Ireland (See Com. B and Com. D in Table 17). These views by respondents on early investing Chinese MNEs are illustrated in the following quotations.

‘The volume [of the domestic market] here in Ireland was so small... Chinese manufacturing companies ... would talk about tens and hundreds of containers of exporting [*sic*]. You know the volume was very small here [in Ireland] . . . So, the local

market [of Ireland] was not big enough... [I]n terms of the market, Ireland was just not big enough.'

Managing Director, Company B

'Well, a lot of the main and the obvious issues were that Ireland was in the EU... I suppose the main issue they [the Chinese investors] cared for was that they wanted somewhere based in the EU. That was the big thing. Obviously, because, like now, [there are] 28 countries, like 350 million people in the EU... It was then about ten countries in the EU [at the time of investment, the 1980s], and that's [a] huge market [for Company D].'

Managing Director, Company D

Turning to recently-established Chinese FDI in Ireland, this study found that Ireland's domestic market was reportedly not a factor that impacted the location decision of the majority of the Chinese MNEs that invested in Ireland in recent times. The majority of respondents in this cohort of recent Chinese MNEs commented that Ireland's domestic market was generally reported as having no significant impact, either negative or positive, on the location decision. Among the six Chinese MNEs investigated in this study that invested more recently, four did not identify Ireland's domestic market as a factor impacting their location decisions (See Com. I, Com. O, Com. P and Com. R in Table 17). With respect to the other two Chinese MNEs that invested in Ireland at a later stage, one identified Ireland's domestic market as having a negative impact on the location decision, whereas the other identified it as having a positive impact on the location decision. A senior managerial respondent from one recently investing Chinese MNE (Company L), which specialised in the manufacturing industry in Ireland, pointed out that Ireland's smaller domestic market, compared to those of larger European countries (such as Germany, UK, France, etc.), was perceived as a negative factor by that Chinese MNE when

making their location decision. In contrast, managerial respondents from the other more recently investing Chinese MNE (Company K), which specialised in the healthcare service sector, reported that Ireland offered a newly emerging/booming market in that specific sector at the time of investment. Naturally, this was positively perceived by that Chinese MNE with respect to their location decision.

‘The market [in Ireland] was not important really [for Company R]. The Chinese investors knew that Ireland is a small country in the EU... [T]here is a small market here [in Ireland].’

Managing Director, Company R

In addition to the empirical finding that the Irish domestic market had no significant impact on majority of recently-investing Chinese MNEs, this study found that the ability to access the EU market together with other possible markets through Ireland was an important consideration influencing the location and investment decisions of most of the Chinese MNEs that have recently located and invested in Ireland, as illustrated in the following quotations.

‘Of course, the market is not [in] Ireland. Chinese MNEs investing in Ireland, they are not intended for [*sic*] the Irish market. The market is the European market, rather than the Irish market.’

Business Consultant, Advising on Chinese Investment in Europe

‘[Chinese] MNEs want to use Ireland as a station post, as a step-stop to go to the European market... Ireland is good as a springboard to go to the European market... Ireland can provide a surface [base for Chinese MNEs], just like Hong Kong, to bring in the service that [is] going to the European market.’

CEO, Board Member of Irish–Chinese Commercial Chamber

‘The EU market is very, very important... A lot of activities that have been coming into Ireland in recent years are sort of . . . using Ireland as a base within the EU, to carry out business functions throughout Europe and also not only . . . Europe, but also the EMEA: Europe, [the] Middle East and Africa. Ireland has a very attractive record as . . . a centre for investment from America for Europe, the European market. So if you want to come into the European market, you should really look at Ireland.’

Professor Specialising in Globalisation and Innovation, Irish University

In the empirical data collected, the EU market was certainly identified as an important factor. Among the six MNEs from this recent cohort that were investigated, five directly identified Ireland’s EU membership as a factor that could greatly facilitate the MNEs to access the EU market and that consequently positively contributed to their location decisions (See Com. I, Com. L, Com. O, Com. P. and Com. R in Table 17). According to a senior executive respondent from one recent Chinese MNE investing in manufacturing (mainly assembling activities) in Ireland, Ireland’s location within the EU greatly facilitated the MNE’s customer supports for their principal clients in the EU, and this in turn greatly encouraged their decision to locate in Ireland (See Com. L in Table 17), as illustrated in the following quotation.

‘The key reason [for locating in Ireland] was to support our European customers... That was the key reason to move here . . . considering the language, the education, the location of Ireland... Ireland was the best fit when comparing and assessing the overall aspects of the countries in Europe.’

Managing Director, Company L

Senior managerial respondents from two recent Chinese-MNE investors that specialise in the financial services sector (i.e., aircraft leasing) in Ireland observed that Ireland’s EU location,

together with its global location, offered a reasonably good solution to the problem of how to deal with markets in different time zones around the world.

‘Yeah, one [reason] is that Ireland is a member of the EU. The location of Ireland is sitting in between [the] African continent, [the] American continent, and [the] European continent, [and therefore] provides [a] very nice time difference for us to run business here, because it’s only several hours [seven or eight] behind China, and five or six ahead of USA, one hour ahead of South Africa... Currently, our primary clients are in Europe, Middle East, Africa, South America, and hopefully next year, we can enter into the Northern American market. So, Ireland is a good location for us to run our global business.’

Deputy Managing Director, Company O

‘[W]e need to communicate with different offices and different subsidiaries from colleagues around the world, and Ireland is a good location [from which] to do so.... [W]e need to take on employees [who] have this global mindset, [are] able to work internationally, [and are] willing to and travel a lot to meet clients.’

HR Manager, Company O

Finally, Ireland’s geographic proximity to the UK, and to the UK market, was also found to have a relatively positive impact on the location decisions of certain recent Chinese-MNE investors in Ireland. According to senior managerial respondents from two of these MNEs, one specialising in manufacturing (mainly assembling activities) and the other in the healthcare service sector, Ireland’s geographic proximity to the UK was perceived as a positive factor that contributed to their location decisions, as illustrated in the following quotations.

‘Ireland is very close and linked to the UK... Well, that was [helpful]. So we set up our manufacturing factory in Ireland... Then we opened our sales team in the UK. Initially,

it was just to service the UK market, but then that expanded to cover a lot ... more countries as well.’

Managing Director, Company L

Infrastructure and Logistics

In the existing literature, evidence demonstrates the significant impact of infrastructure and logistics on FDI location decisions, including those of Chinese MNEs (Dunning 1993, 2000; Buckley et al. 2007; Voss 2011). The interview data collected for this study reports that the issues of infrastructure¹⁸ and logistics had different impacts on earlier and later Chinese FDI in Ireland, respectively. For early-investing Chinese MNEs in Ireland, infrastructure and logistics were generally said to have a negative impact on the location decision (See Com. B and Com. D in Table 17). For instance, senior executive and managerial respondents who worked for early-investing Chinese MNEs in Ireland commented that Ireland was usually perceived by early Chinese investors as offering limited shipping and transportation choices and facilities, compared to other European countries (such as UK and Germany). In addition, as reflected in the interview data, Irish costs for shipping, transportation and other logistics were reported to be much higher than they would have been in China. Consequently, managerial respondents in this cohort of early Chinese MNEs were always likely to offer negative comments about infrastructure and logistics in Ireland with respect to their location decisions.

‘In the 1980s, [and] in the 1990s in Ireland, the cost of logistics was very high... [T]he selection of logistics was restricted... [S]ending [products] was difficult ... and the manufacturing composite here [in Ireland] was also very limited. So, in terms of manufacturing, in terms of [product] supply and demand, there appeared to be a

¹⁸ In this study, ‘infrastructure’ refers to the basic physical and organisational structures and facilities of the host location, such as the buildings, roads, power supplies, water supplies, etc., that are needed for the operation of a society and enterprise.

mismatch [in Ireland] ... [S]o Ireland was [perceived] as ... very disadvantaged as a manufacturing location.’

Managing Director, Company B

‘[In terms of] the logistics, the location, Ireland is isolated. We [Ireland] are the only country in Western Europe that does not have a land bridge. In terms of logistics, everything [in Ireland] has to go out by sea or by air. Even in the UK, they do have the channel tunnel. So regarding logistics provision, Ireland was in disadvantage [*sic*].’

Managing Director, Company D

Turning to recently-established Chinese MNEs in Ireland, infrastructure and logistics were generally reported as insignificant factors with respect to the location decisions of the majority of recently-investing Chinese MNEs. Reflected in the data collected, none of the six recent Chinese MNEs investigated reported the issue of logistics or infrastructure as a factor that had an important impact, negatively or positively, on their location decisions (See Com. I, Com. K, Com. L, Com. O, Com. P, and Com R in Table 17), as illustrated in the following observation.

‘Generally speaking, I think the infrastructure and logistics in Ireland is OK. It had no big . . . impact [on the location decision of Company L].’

Managing Director, Company L

Corporate Tax

Ireland is reported as having a very low corporate tax rate in the Western developed countries, and this has frequently been identified as an important positive factor contributing to the location decision of many MNEs in Ireland, particular US MNEs (Gropp and Kostial 2000; Gunnigle and McGuire 2001; Barry 2004). The empirical data collected for this study shows that corporate tax had no significant impact on the location decisions of Chinese MNEs in Ireland, however. According to managerial respondents from early-investing Chinese MNEs,

for example, these companies paid little or no attention to Ireland's corporate tax rate (12.5%) when making their location decisions (See Com. B and Com. D in Table 17). The majority of the management narratives in the early investing Chinese MNEs focused instead on the huge disparities in other forms of taxation at the time of investment, such as the differentials in personal income tax, stamp duty, etc. Perceptions of Ireland's tax regime may have been negative, but they did not deter the small number of early-investing Chinese MNEs from locating in Ireland.

'The policy [of Ireland's IPA] at that stage was really to highlight grant, aids and taxation. I am not sure that in terms of ... business sense, [early] Chinese companies met the calculation of profitability... [Ireland's corporate tax] was not attractive... because [if] I was making huge profit, then the corporate tax rate could make a lot of difference. But if I was not making a lot of profit, then 12.5% [the Irish corporate tax rate] was insignificant as compared to 25% or other rates.'

Managing Director, Company B

Similarly, most respondents in the cohort of more-recently-investing Chinese MNEs did not identify Ireland's low corporate-tax rate (12.5%) as an important factor impacting on their location decisions. Among the six Chinese MNEs in this category that were investigated, corporate tax was not generally perceived as a significant factor, either negatively or positively impacting on their location decisions (See Com. I, Com. K, Com. L, Com. P and Com. R in Table 17). The majority of senior executive and managerial respondents from these MNEs commented that their Chinese investors had paid little attention to Ireland's corporate tax when they made their location decisions. Only one recently-investing Chinese MNE, which specialises in international financial services (i.e., aviation leasing), commented that corporate tax had an appreciable (although not major) impact on its location decision (See Com. O in Table 17).

‘I looked at the list of possible reasons why [Company R] located in Ireland... I do not think [the Chinese investors] knew [Ireland’s] tax regime, Ireland’s corporate tax rate or double-tax agreements [when they made the location decision] ... So, [the location decision was not made] because of the low corporate tax [rate].’

Managing Director, Company R

‘The company did not consider the corporate tax rate at all when they came here [Ireland] initially. Generally speaking, corporate tax is something that [is] being taxed after you have paid your rents and other expenses... [T]he revenue [of Company K] was not very big; so usually, after the company paid all of the other expenses, there was not much left. So, either 13.5% or 12.5% or 18%, that did not make huge difference [to Company K].’

Store Manager, Company K

‘Yes, it’s true [that Ireland has a low corporate-tax rate] ... Before coming to Ireland, we considered several other alternatives [locations], several other industrial [countries] ... and of course the corporate tax was one of the reasons [for the company’s location decision], but that was not the most important one.’

Deputy Managing Director, Company O

However, different perspectives regarding the impact of corporate tax on Chinese FDI in Ireland were observed in the qualitative data collected from the expert informants who were perceived as independent from Chinese MNEs. The majority of these experts clearly identified corporate tax as an important factor influencing the location decisions of Chinese MNEs considering FDI in Ireland, particularly the more recent ones. These expert informants observed that Ireland’s consistently very low corporate tax rate was perceived as a positive factor that significantly enhanced Ireland’s locational advantages for Chinese MNEs contemplating FDI in Ireland, as illustrated in the following observations.

‘[T]he Irish corporate tax rate is 12.5%. This rate is the lowest among the developed countries... For big Chinese companies, one percentage [of corporate tax] can really make [a] big difference... From my knowledge, this is one of the main reasons why [Company P] came to Ireland.’

Chairman, Chinese Commercial Chamber in Dublin¹⁹

‘Regarding investing in Ireland, the first reason is because of its low corporate tax... For [Company L], initially, it was because ... the company’s boss found out Ireland’s low corporate tax of 12.5% that was advertised by [an Irish IPA] in a local Chinese newspaper. The Chinese boss could not believe that the corporate tax was so low in Ireland, so he asked his staff to call the Shanghai office of [the nominated Irish IPA] to confirm that the corporate tax was truly 12.5% in Ireland... That’s all about how their investment started from the best of my knowledge.’

President, Chinese Organisation in Dublin²⁰

A few other tax-related issues were also reported to be important in the FDI-location decisions of a minority of Chinese MNEs considering investment in Ireland. Among these issues were personal income tax, VAT, Stamp Duty, Section 110 taxation and Double Tax Treaties. For instance, it was reported that there was no VAT or Stamp Duty in the aircraft-leasing sector in Ireland, and this was perceived as very attractive to Chinese MNEs that had invested or intended to invest in this sector in Ireland. The Irish legislation known as Section 110²¹ was also pointed out as important and attractive to Chinese investors, to whom it offered the benefit

¹⁹ This interviewee has extensive knowledge of Chinese FDI in Ireland and has worked closely with Company P.

²⁰ This interviewee has extensive knowledge of Chinese FDI in Ireland and has worked closely with many Chinese MNEs investing in Ireland.

²¹ ‘*Section 110*’ is a tax-related legislation in Ireland. According to *Section 110*, qualifying companies can receive the benefit of paying neutral tax.

of ‘paying neutral tax’ (*Senior Executive of relevant Chinese organisation in Ireland*). Finally, while generally reported as not important by respondents from Chinese MNEs that invested in other sectors in Ireland, Ireland’s ‘Double Tax’ treaties with China²² and with other countries were reported as a positive factor with respect to the location decisions of Chinese MNEs that invested in the aircraft-leasing sector.

‘It is because of the tax advantages for aircraft leasing from Ireland, the hard factor... In other countries, you have to pay VAT and stamp duty while aircraft leasing in Ireland, you do not [pay VAT and stamp duty]. And because each aircraft could worth [as much as] \$ 250 million ... tax on those can be quite high.’

Senior Executive, Irish Industry Promotion Agency

‘Personally, I had good relationships with Chinese MNEs that invest in aircraft leasing in Ireland... For such type of aircraft leasing companies, one of the main reasons for location in Ireland is the tax issue. Do you know what is the Section 110? It means that if you are an Irish company, if you meet the requirements, you can run your business in accordance to the Irish legislation called Section 110. Then you can get your benefit. What’s your benefit? Your benefit is paying neutral tax.’

Senior Executive, Chinese Organisation in Ireland

Finally, it is important to note that this empirical investigation identified one specific aspect within the Irish tax regime (albeit by a minority of respondents) as negative for Chinese investors. This related to Irish taxation regarding international expatriates. As noted in interviews, Chinese MNEs would usually transfer or assign staff from their HQs for their Irish subsidiaries. Therefore, how their reassigned workers were going to be taxed in the host

²² According to Ireland’s Revenue, Ireland and China signed a Double Tax Treaty on the 19th April 2000.

location was one of their key concerns. In Ireland, there are different tax requirements, all of which were identified by interview respondents as much higher than those in China. While those particular taxes were originally devised primarily for local residents (Irish people or immigrants who had settled in Ireland), international expatriates have also had to pay those additional taxes and could not have them refunded on leaving the country after completing their assignments. As noted in the interview data (albeit by a minority of respondents), this was negatively perceived by Chinese investors in relation to their location decision.

‘The second issue regarding taxation is about international expatriates. If you are expatriates, there should be certain physical measurement on taxation... Like UK, or Germany, or France, maybe Italy, until recently, expatriates do not have to pay for that [taxes designed for the country’s citizens]. But in Ireland, you [international expatriates] have to pay for that and you cannot get [it] back... [International expatriates] pay a lot of additional taxes here [in Ireland], but most of them, in a certain period of time, they would leave and [the Irish government] should refund those taxes to those people, but it does not at the moment. This is one of the problem[s] for Chinese investors.’

CEO, Board Member of Irish– Chinese Commercial Chamber

Financial Grants

In the literature, the provision of financial grants²³ by the Irish government to MNEs is also identified as an important factor in the decisions of many MNEs to invest in Ireland (Gropp and Kostial 2000; Gunnigle and McGuire 2001; Barry 2004). In this investigation, it was observed that this factor had different impact on early and more recent Chinese FDI in Ireland. Financial grants from the Irish Government were identified as a significant factor that

²³ The term ‘financial grants’ refer here to the grants provided by the Irish Government for employment, training, research and development as well as to capital grants (Rios-Morales and O'Donovan 2006).

positively contributed to the location decisions of early-investing Chinese MNEs (See Com. B and Com. D in Table 17). Interviews with senior executives and managers who worked for early-investing Chinese MNEs in Ireland indicated that early-investing Chinese MNEs received huge financial assistance from the Irish Government, including training grants, employment grants, capital grants, and financial help for factory leasing. Such financial grants and help were perceived as very important and attractive by early Chinese investors and positively impacted on their location decisions. For instance, it was claimed by interview respondents that the capital grants received by early Chinese investors accounted for about 20% of the total capital for equipment at the time of investment (i.e., the 1980s). Regarding employment grants, i.e., the grants given per employee hired in Ireland, the figure received was around £35,000 per person. Eventually, it was estimated that the first two years of operation for such early Chinese investors was nearly free because of the Irish grant system. This was identified as a great attraction for early Chinese investors, as illustrated in the following quotations.

‘Yeah, there were some grants, [such as] training grants [that] are not repayable because training grants [were] already [used] ... and then there were some capital grants which were on [a] ten-year basis. If you have been here for ten years, then you can keep them ... and the factory, we did not buy the factory, it was leased from [a nominated Irish IPA].’

Managing Director, Company B

‘[T]he company was the biggest [IPA-supported] investment of the 1980s... There were capital grants; there were training grants... [These grants] were very significant for the company.’

Managing Director, Company D

However, a very different perspective was observed on the impact of financial grants on the location decisions of more recently-established Chinese MNEs in Ireland. Most respondents in this cohort of Chinese MNEs reported that the Irish financial-grant system for FDI had no impact on their location decisions (see Com. I, Com. K, Com. L, Com. O, Com. P and Com R in Table 17). It was particularly noteworthy that none of the senior executive respondents in the six more recently-established Chinese MNEs felt that the financial grants and assistance provided by the Irish Government significantly impacted on their location decisions. These views are illustrated in the following quotations.

‘The Irish incentive of [providing] financial grants is not going to have real impact for Chinese MNEs. Chinese companies have to grow big enough and then go to invest abroad, for instance coming to invest in Ireland. As investors, Chinese companies won’t consider financial assistance from the host country as part of their investment reason. What they care about is whether they will make [profits] without any financial help from the local government. The financial grants or help from the local government are only perceived as [an] extra bonus, not an investment motivation or factor.’

Chairman, Chinese Commercial Chamber in Ireland

‘No, [Company R] did not receive much [financial] help from [a specified Irish IPA] or the Irish Government. The Chinese investors met [the specified Irish IPA] after the taking-over... [T]he Irish Government has two bodies. We were an Irish company before; so, we were supported from [a different Irish IPA]. [It was] only after the taking-over [that] we became Chinese, foreign-owned.’

Managing Director, Company R

‘[Company K] was not influenced by this issue. Regarding financial grants, not all enterprises are qualified. The company needs to be evaluated for being qualified [to

get the financial grants] ... At the initial stage, the company was not very big, and the company was in a new and emerging sector, and our business was relatively good; so, we did not consider [applying for financial grants from the Irish government].’

Regional Manager, Company K

Ireland’s IPAs

In the interview data collected, Ireland’s IPAs were reported as a factor that positively contributed to the location decisions of Chinese MNEs in Ireland, as illustrated in the following quotation.

‘[One] reason why all these companies located in Ireland is because [a specified Irish IPA] went out and spoke with them over a long period of time, developed relationships and eventually the companies located here. So [the specified Irish IPA] is [an] important factor. And [the specified Irish IPA] is regarded as one of the best among these investment agencies. It is a very proactive industrial development agency, facilitating and co-ordinating. [The specified Irish IPA is] looking at a number of Chinese companies, developing all the connections, trying to find out who they need to speak to. Eventually, I think they will be successful because they are professional and very good at what they are doing.’

Senior Lecturer in International Business and Management, University in Ireland

Senior executives from early-investing Chinese MNEs in Ireland reported that Ireland’s IPAs had provided them with essential assistance and support that greatly encouraged their location decisions (See Com. B and Com. D in Table 17). This is illustrated in the following observation.

‘Well, the Irish IPAs provided expertise, and also provided the company [with help in] acquiring the accountancy services of KPMG... The Irish IPAs gave a lot of support to the company in Ireland to the extent that the Irish partner of KPMG went over to Hong

Kong. [The Chinese investors] were so impressed that [the Irish partner of KPMG] actually went over and gave the company a lot of financial advice ... not only advice about the Irish operation [but also] about international taxation and corporate governance and everything about how the company run[s] its business in Europe, high-level and strategic stuff.’

Managing Director, Company D

The Irish IPAs were also reported as a factor that had some positive impact on the location decisions of the majority of the Chinese MNEs that invested in Ireland more recently. According to managerial respondents from four of these MNEs, the Irish IPAs helped considerably with their investment process. The assistance and support from Ireland’s IPAs was reported to have positively contributed to the location decisions made by these companies (See Com I, Com. L, Com. O, and Com. P in Table 17), as illustrated in the following observations.

‘And the Irish industrial agency has spent a lot of time working with us... They promoted this country to us a long time ago.’

Deputy Managing Director, Company O

‘[Company I] has an excellent working relationship with [the Irish IPAs] – both here in Ireland and in China. Last September, in Shenzhen in China, the Irish Minister for Jobs, Employment and Innovation, together with the Chief Executive of and the Head of [the Irish IPAs], met with a leading member of our global board. This was a very constructive meeting that re-enforced the positive relationship that exists between [Company I] and the Irish Government and leading Irish-state employment and investment agencies.’

Vice-President, Company I

Ireland's IPAs were reportedly not a factor in the location decision of two Chinese MNEs that recently invested in Ireland (See Com. K and Com. R in Table 17). According to managerial respondents from these two Chinese MNEs, Ireland's IPAs did not have any involvement or engagement in their investment process, nor offered any assistance or contribution to their location decision. Some explanation and clarification will be needed here, however. One of these companies, Company R, was originally an Irish company and was therefore not within the Irish IPAs' area of responsibility. The company was subsequently acquired by Chinese investors. The Irish IPAs would not have been involved in this acquisition process and was not a factor in the investment decision of this company (Company R). With respect to the other Chinese MNE, Company K, it was found that the company had a very small scale of investment at the initial stage; so, it was not on the Irish IPAs' supporting agenda either.

Business Laws and Regulations²⁴

Based on the data collected, business laws and regulations were found to have had different impacts on the location decisions of earlier and more recent Chinese-MNE investors in Ireland, respectively. For early Chinese investors, business laws and regulations were found to have had no significant impact on the location decision (See Com. B and Com. D in Table 17). Among the in-depth interviews with senior executive respondents from early investing Chinese MNEs, no evidence was observed indicating the importance of business legislation in the location decisions of early Chinese investors. While these investors found the Irish business legislative system to be different, with more regulations and stronger enforcement than in China, this divergence did not have any notable impact on the location decisions of these firms. In contrast, business laws and regulations were generally identified as a factor that positively encouraged the location decisions of the majority of more recent Chinese MNE investors in

²⁴ 'Business laws and regulations' means the legal rules and restrictions that regulate and govern all of the business and commercial activities in Ireland.

Ireland. Senior executive and managerial respondents from these MNEs reported that Irish business legislation had a positive impact on their location decisions. Among the six more recent Chinese MNE investors in Ireland investigated in this study, four pointed out the importance of Irish business legislation and identified it as a factor that positively contributed to their location decisions (See Com. I, Com K, Com. O and Com. P in Table 17). For example, senior executive respondents from two recently-established Chinese MNEs that specialising in the financial services sector commented that the Irish legislative system was receptive to their needs, which was positively perceived by these two MNEs and greatly encouraged their decisions to locate in Ireland. Another two more recent Chinese-MNE investors in Ireland, one specialising in ICT and the other specialising in the healthcare service sector, also identified Irish business legislation as a factor that positively impacted on their location decisions.

‘And the other thing is that we [Company O] found the legal system here [in Ireland] is quite mature and stable, and the business environment here is very friendly . . . [not] only to Chinese people, [but also to] the whole world.’

General Manager, Company O

‘Comparatively, it is easier to do business in Ireland rather than in China. Because in Ireland, everything is done through following the regulations or laws... There would be no big problem if you follow the rules and procedures as regulated and sign the agreements [with respect to] company registration, location selection, property leasing, safety and security regulations on fire, water, and so on... However, in China, things could be more complicated and difficult. So, I think the business legislation in Ireland is a positive thing for the company.’

Regional Manager, Company K

‘From a Chinese perspective, the [business] rules and regulations here [in Ireland] are transparent and are easy to find out in comparison to some other European countries. Doing business in another European country could be more complicated ... [because] they [the business rules and regulations] may not be so transparent ... [whereas] in Ireland, I mean in the English-speaking countries, [the business regulations] tend to be more transparent.’

Professor Specialising in Globalisation and Innovation, Irish University

‘Ireland could become a sort of logistic management centre for a lot of European operations because it is easier to operate in Ireland. Institutionally it’s more transparent; legally it’s more transparent than many other continental European countries. I think this is attractive to Chinese companies.’

Senior Lecturer in International Business and Management, University in Ireland

Regarding the other two recently-established Chinese MNEs that did not identify business legislation as a factor impacting on their location decisions, one MNE (Company R) entered Ireland through M&As and the primary reason for this MNE to invest in Ireland was reportedly to acquire advanced technology. It is to be expected, therefore, that Ireland’s business legislation would not have impacted this company’s location decision. The other more recent Chinese MNE investor (Company L) invested in the high-technology manufacturing sector in Ireland. According to a senior executive respondent from this MNE, the Irish legislation system was not a factor in the MNE’s location decision. As reported in the data, their HQs understood that Irish business legislation, although different from its Chinese counterpart in certain respects, was similar to business legislation in the UK and other EU countries, thus having no significant impact on their location decision.

In addition to identifying the positive impact of Irish business legislation in general on the majority of recent Chinese-MNE investors in Ireland, this study has noted the particular importance and attractiveness of two specific aspects of this legislation with regard to Chinese MNEs investing in Ireland. The first relates to the legislation on company registration. As reported from the data collected, Irish regulation on company registration has certain advantages, such as not requiring the actual lodgement of registered capital for company registration, which is in contrast with Chinese regulation on company registration. This legislative difference was highlighted in the interview data as important and attractive to certain Chinese MNEs. Furthermore, the procedures of company registration in Ireland were reported to be quite efficient, which was also positively perceived by certain Chinese MNEs with regard to the location decision. The other important aspect observed relates to the legislation on the protection of Intellectual Property (IP). In the data collected, evidence was observed indicating that the Irish legislation on IP protection was strong, and this was attractive to certain Chinese MNEs that have reached the stage of seeking more IPs and/or producing their own IPs. In the data, the acquisition and development of IPs was identified as one of the essential needs of such Chinese MNEs. As such, having a strong legislative protection on IPs has become a significant consideration in these Chinese MNEs' location selection. In this regard, Ireland was reported very competitive in terms of having a good and strong legal system as regards IP protection, which favourably influenced the location decisions of certain Chinese MNEs.

‘Regarding business laws, Ireland has [an] advantage in terms of attracting Chinese companies to set up international HQs and FDIs in Ireland... Irish legislation on company registration is very competitive in the world... Ireland has a lot of convenience in terms of company registration... Overall, Ireland is quite competitive [in terms of] its business laws, not just company registration, but also in other business legislative aspects.’

Chairman, Chinese Commercial Chamber in Dublin

‘For [certain] Chinese companies, there is a pursuit of new IP, new know-how, new approaches and new processes. For a lot, the application of that is going to be the domestic market in China... [T]here is a huge appetite on the China side to acquire more knowledge and IPs... [W]e [in Ireland] have a good legislative system for protection of IPs... So, they [Chinese MNEs] will be much more comfortable feeling with Ireland. [Ireland has] good tax advantages, for the creation of IP. That works as well.’

Senior Executive, Irish Industry Promotion Agency

English-Language Skills

In the interview data collected, language was identified as a factor that positively contributed to the location decisions of Chinese MNE investors in Ireland, both early and more recent ones. In interviews with managerial respondents from early-investing MNEs, it was observed that the majority of these investors believed that the prevalence of English as the language most widely spoken in Ireland was perceived as a significant advantage. It was believed that this would facilitate communication between Irish subsidiaries and their HQs in China, while also enhancing business connections and communication with clients in the Europe, the America, and/or in other parts of the world. Therefore, Ireland’s status as a primarily Anglophone country was positively perceived by early Chinese investors and contributed to their location decisions (see Com. B and Com. D in Table 17).

‘And the other thing is obviously [that] Ireland is [an] English-speaking country. This helped [Company D to locate in Ireland] ... [In] Hong Kong [region of China], the second language is English as well. [So, the language] was a key factor... Senior early Chinese investors spoke English and the fact of dealing with the American clients [who

also speak English] ... So, communication was a key factor... Language was a key factor.’

Managing Director, Company D

‘Ireland has the language capability. It is difficult for Chinese companies to sell into Germany, France, Spain and Italy because of their languages – French, Italian, German, Spanish, Russian, Polish... So Chinese companies need people representing them. Ireland is the location to sell into all those markets, being the European face of Chinese companies or being the US face of Chinese companies. Ireland is an English-speaking country. The people here all speak English. With English being the interface language between the Chinese headquarters and the European customers ... [the Irish] can represent and progress the business [for Chinese companies].’

Senior Executive, Irish Industrial Promotion Agency

Language was also identified as a factor that positively impacted on the location decisions of more recent Chinese MNE investors in Ireland. Based on the data collected, all six of the MNEs in this group that were interviewed identified the fact that Ireland is an English-speaking country as an important factor that positively contributed to their location decisions (see Com. I, Com. K, Com. L, Com. O, Com. P. and Com. R in Table 17). According to senior executive managerial respondents from these recent Chinese MNEs, locating in an English-speaking country (such as Ireland) was perceived as likely to create quite a few possible benefits for the MNEs. These possible benefits reported in the interview data include enhancing communication and connection with current and potential business clients, facilitating the recruitment and employment procedures in the Irish subsidiaries. All of these potential advantages were positively perceived by the MNEs in question and consequently had a positive impact on their location decisions, as illustrated in the following quotations.

‘Do you know why companies like us decided to come and invest in Ireland? Another reason is because Ireland is an English-speaking country. Definitely, this is a helpful factor. Because, our senior medical experts in this industry do not speak English, so they need interpreters who understand Chinese and can speak English. Comparatively, there are more Chinese overseas graduates who can speak English. This is going to make the recruitment much easier. For instance, if you invest in France, of course, there are some Chinese overseas graduates in France, but comparatively, such opportunities are much less and it’s harder to find the right candidate. So, regarding location, while selecting the possible countries, Ireland was among the top of the list.’

Regional Manager, Company K

‘Chinese people tend to learn English as a second language, not French, not German, not Italian. Chinese companies feel very comfortable in speaking English as foreign language. English is the first language in Ireland. We are lucky in Ireland that English is kind of the interface language. It’s the interface between Chinese companies and European companies. Chinese companies can manage all their representatives, who are professional in all the different languages, from Ireland.’

Senior Executive, Irish Industrial Promotion Organisation

Culture

In the literature, culture has often been identified as a key influence on operational management and plays an important role in the formulation of business strategies and decisions that are chosen on the basis of assumptions about the cultural environment and relationships among people, including FDI location decisions (Kogut and Singh 1988; Schneider 1989; Agarwal 1994; O’Grady and Lane 1996; Lee et al. 2008).

In the data collected for this study, the issue of culture was identified as having different impacts on earlier and more recent Chinese MNE investors in Ireland, respectively. For early-investing Chinese MNEs, culture was reported as having a negative impact on the location decision, particularly before the turn of millennium. Senior executives and managers who worked for early-investing Chinese MNEs in Ireland highlighted the existence of significant cultural differences between the two nations at the time of investment, notably in the areas of workplace environment, employee behaviours, management approaches, problem-solving, etc. These cultural differences were reported to add more costs, reduce productivity and cause a greater workload for early Chinese investors in managing their Irish operations. As a result, early-investing Chinese MNEs were likely to perceive cultural differences negatively (See Com. B and Com D in Table 17), as illustrated in the following quotations.

‘Those were the problems... Chinese manufacturing companies are very used to tight cost management. You know, hours would be long; cost would be low; productivities have to be monitored. So, the whole management approach was very different [in Ireland and China, respectively] ... So, in terms of manufacturing, in terms of your organisation and your management, it’s very complicated. And all that adds to the cost of your operation.’

Managing Director, Company B

‘[A]t the start, there was kind of suspicion because nobody kind of understood each other [between the early Chinese investors and the local Irish employees] ... I had a very good personal relationship with the boss [of Company D] ... [W]e would have our differences sometimes, culturally ... because I did not understand where he came from, and he did not understand where I came from. He did have his [Chinese] moment and I had an Irish moment... He got upset with some things, and I got upset with others... Definitely, there’s different culture.’

Managing Director, Company D

‘Chinese companies are foreigners here, culturally and psychologically. Chinese companies do not know the local people. They are unfamiliar with this place. This causes inconvenience for Chinese companies to do business and invest in Ireland... And also, there are other restrictions, like on visas, on family visits, etc.’

Chairman, Chinese Commercial Chamber in Ireland

More recent Chinese MNE investors in Ireland had a different perspective on the impact of cultural considerations on their location decisions. Most respondents in this cohort identified culture as a factor that had a relatively positive impact on the location decision. Among the six Chinese MNEs from this cohort that were investigated, four specifically pointed out that Ireland was usually perceived as a friendly and open culture in which to do business (See Com. I, Com. O, Com. P and Com R in Table 17). Unlike some other countries, such as the US, Ireland was usually viewed as having no political prejudice, no cultural or racial discrimination against foreign businessmen or investors from other countries. It is also believed that no other country harbours political or cultural resentment against Ireland. This was positively perceived by some more recent Chinese-MNE investors in Ireland with respect to locating their FDI activities. As reflected in our data, Irish people were generally found very friendly, easy to communicate, easy to befriend and build trust and relationships with. Indeed, the majority of recent Chinese investors were found to have been well treated by the local Irish, which also made Ireland favourably perceived as a location for FDI activities.

‘I believe every place is similar to each other, but people make the difference. So, in Ireland, I can feel the people are very friendly and easy to communicate [and] make friends [with], and also easy to build the trust between each other. So that’s why I do consider Ireland is easy for foreigners, not just for Chinese, to live and to invest in.’

Managing Director, Company I

‘Irish people are very nice. No matter what kind of difficulty I might face, I always have someone to help me out, like my Irish colleagues here. I really enjoy working here. And our business partners in Ireland, they are quite nice to Chinese people and Chinese companies. I know that I have been working for the Chinese company for a long time, and they know the Chinese quite well, and they know the Chinese Culture. I am quite happy to be here.’

Deputy Managing Director, Company O

‘Personally, I think there are some [common elements] between the Irish and Chinese culture[s]. For instance, the two nations share similar family-value principles. China has a history of five thousand years. Ireland also has a long history. Usually, countries of a long history would focus on long-term benefits, different from countries of a short history that focus on short-term benefits. Both countries have been colonised in history, and both countries are agricultural societies.’

President, Chinese Organisation in Ireland

The Irish culture of following business rules was also identified as important in the location decisions of certain Chinese MNEs that entered Ireland through M&As (See Company R in Table 17), as illustrated in the following quotation.

‘There seems to be [an] appreciation [by the Chinese investors] that in Ireland, people will play by the rules without [making it] necessary [for the] referee to check in every time. Generally, people will keep agreements [in Ireland] ... He [the boss of Company D] can trust these people [and be confident] that if he bought the company, he would have the technology. The Irish staff would not go off and set up another company with the technology.’

Political Issues

In the data collected, some political issues were reported as having significant impact on the location decisions of Chinese MNEs in Ireland. For instance, according to senior executive and managerial respondents who worked for early-investing Chinese MNEs in Ireland, it was reported that a high level of political unrest and uncertainty existed in the home region of Hong Kong before the transfer of governance to the mainland of China. This political unrest and uncertainty eventually spurred many members of the Hong Kong business community to actively engage in and investigate overseas investment opportunities that would allow them to move their assets and investment to ‘safer’ locations outside of Hong Kong and mainland China. Reflected in the data collected, Ireland was perceived as one of the politically ‘safer’ overseas locations by early Chinese investors, and this positively contributed to their location decisions (See Com. B and Com. D in Table 17), as illustrated in the following quotations.

‘In the early and the late 1980s, Hong Kong was politically very unsettled... Margaret Thatcher negotiated with them [the Chinese government] in 1984... Hong Kong went back to China in 1997... In the 1980s, therefore, there was a lot of uncertainty about what might happen to Hong Kong when we [Hong Kong] went back to China ... [and] also from the leftover of [China’s] Cultural Revolution²⁵, and when Chairman Mao passed away²⁶, then Deng Xiaoping came along [as China’s new leader] and then the

²⁵ The Cultural Revolution was a socio-political movement that took place in China from 1966 until 1976.

²⁶ Chairman Mao was the founding father of the People’s Republic of China. He governed the Communist Party of China from its establishment in 1949 until his death in September 1976.

Open-up policy of China²⁷ ... So, there were a lot of uncertainties in Hong Kong at that time [in the 1980s].’

Managing Director, Company B

‘[T]here was a lot of, what we call it, flight of capital. [Investors] did not want to stay in Hong Kong. They wanted to invest abroad, outside of Hong Kong... They came to Ireland, possibly not because they wanted to make money, as long as they did not lose money. You know, but that’s much safer. That definitely was one of the other reasons [for early Chinese MNEs to invest in Ireland] ... Therefore, that was not a purely economic investment reason for Hong Kong companies to invest overseas or in Ireland in the 1980s.’

Managing Director, Company B

Political issues were also reported as an important factor that greatly impacted on the location decisions of the majority of Chinese MNEs recently established in Ireland (See Com. O, Com. P and Com. R in Table 17). As reflected in the data collected, the Chinese government was reported to have played an important role in the economic behaviours of Chinese MNEs, including their FDI behaviours. The majority of the respondents highlighted the urgent need for the Irish government to foster a strong political relationship with the Chinese government, so as to attract more investment from Chinese MNEs. These views are illustrated in the following quotations.

‘My view is that most people simply do not understand the role of the Communist Party in China and how the Party runs state-owned enterprises. Low corporate tax is not as

²⁷ Deng Xiaoping became the paramount leader of the People’s Republic of China from 1978, after the death of Chairman Mao. He was responsible for China’s economic reforms, with the establishment and implementation of China’s Open-up Policy since 1978.

important for Chinese MNEs because they do not operate under same pressures to deliver shareholder value as US MNEs, for example. The role of the state and the Communist Party is much more influential, and this role does not prioritise short-term profit and performance.’

Professor of International Management and Strategy

‘In China, there was never only ‘economics’. It is always ‘political economics’ because you cannot separate ‘economics’ from ‘politics’. Separating the economics from politics, that’s problematic. It’s the system [in China]. They always link together. And the Chinese people, the Chinese government, they are honest about this, that [the Chinese] look at politics to bring economics. Of course, now, [China’s] economy has already gone upfront, greatly increased. But the system is still there, the politically controlling economy.’

Chief Executive Officer, Irish Commercial Chamber

‘The most important way is to work with the Chinese government to attract more Chinese companies to come and invest in Ireland. In China, there are many state-owned companies. These big state-owned companies, they get significant support from the Chinese government. And they invest not only for economic benefits, but also for other strategic considerations. Ireland should work with the Chinese government to get investment. Ireland is a member of the EU, despite [being] a small country. So, Ireland is an influential country for China, or for the Chinese government.’

President, Chinese Organisation in Ireland

Furthermore, senior executive and managerial respondents from one of these MNEs, Company R, which specialises in the ICT sector, identified China’s Five-Year Plan as a factor that

positively contributed to their investment decision. In addition, another two of these MNEs (Com. O and Com. P), which specialise in the international financial services sector, commented that their overseas investment behaviours and decisions were greatly impacted by reforms in China's financial sector and by China's adoption of a policy of greater openness and more internationalisation, both of which were instructed by the Central Government of China, as illustrated in the following quotations.

'We have been carrying out the reform within the bank, which was instructed by the Central Government of China. We have been working very hard on that. And at the end of 2007, we set up the leasing arm of [Company O] to focus on the aircraft business, [the] shipping business and the other big-equipment leasing [businesses]. In 2010, we set up the Irish entity to implement our so-called Chinese Reform and Opened-up Policy. And we have done quite a good job in the [past] several years in terms of the financial performance and the quality of our assets. And all these kind[s] of factors proved that our strategy to come to Ireland to run our business around the whole world was a right decision... Our parent company in Beijing, they are quite happy to know that we grow very quickly [in Ireland].'

Deputy Managing Director, Company O

'[China's] Five-Year Plan was helpful . . . [T]here was great belief in China about plastic optic fibre. And it was written in China's Five-Year Plan that plastic optic fibre should be used for networking... And we had the key part of the technology that China did not have. That's why we were able to be purchased by the Chinese investors... Certainly, the government policy [of China and] the activities in other provinces helped to make this [a] more believable business to invest [in].'

Managing Director, Company R

5.4 The Impact of HR/IR Factors on Chinese FDI in Ireland

Empirical findings on the impact of the specific HR/IR factors investigated — labour costs, labour availability, labour quality, labour regulation and IR — will now be presented. A brief summary of the empirical findings associated with these HR/IR factors is presented in the following paragraph. Further details of these empirical findings will then be provided in the following sections.

Overall, the majority of the HR/IR factors were found to have different impact on the location decisions of early- and recently-investing Chinese MNEs in Ireland, respectively. Labour costs, general labour and employment regulation and IR-related issues were generally reported as negative factors impacting on the location decisions of early investing Chinese MNEs. On the other hand, these HR/IR factors were generally found to have no major impact on the location decisions of recently investing Chinese MNEs. Regarding labour quality, although identified as an insignificant factor by early investing Chinese MNEs, it was generally perceived as a positive factor influencing the location decisions of recently established Chinese MNEs. Furthermore, although it had no impact on early investing Chinese MNEs, high-level regulation governing the employment of non-EEA nationals was found to have a negative impact on the location decisions of recently investing Chinese MNEs. The empirical findings associated with these HR/IR factors investigated for each of the eight Chinese MNEs investigated are summarised in the following table.

Table 18: The Impact of HR/IR Factors on the Location Decisions of the Eight Chinese MNEs Interviewed²⁸

Participating MNEs	Labour costs	Labour quality	Labour availability	Labour regulation	IR/Trade unions	Regulations on the employment of non-EEA nationals
Com. B	-	0	+	-	-	0
Com. D	-	0	+	-	-	0
Com. I	0	+	+	0	0	-
Com. K	0	-	-	0	0	-
Com. L	0	+	+	0	0	-
Com. O	0	+	+	+	0	-
Com. P	0	+	+	+	0	-
Com. R	0	+	+	0	0	-

Labour Costs

The first issue addressed was the impact, if any, of labour costs on the location decisions of Chinese MNEs pursuing FDI in Ireland. In this study, the issue of labour costs was found to

²⁸ Note: in Table 18, '0' = no important impact; '-' = negative impact; '+' = positive impact.

have had different impacts on earlier and more recent instances of Chinese FDI in Ireland, respectively.

Based on the data collected, the issue of labour costs was identified as a negative factor impacting upon the location decisions of early investing Chinese MNEs in Ireland. Interviews with senior executives and managers from two Chinese MNEs that invested in Ireland at an earlier date (from 1980s to 2000) — and the testimony of other expert informants — yielded significant evidence for the negative impact of Ireland’s much higher labour costs as compared to China on the location decision (see Com. B and Com. D in above Table 18). In effect, the management narrative in these early Chinese MNEs was focused on the huge wage-disparity between China and Ireland at the time. For instance, senior executive respondents from one early-investing Chinese MNE (Company D) reported that higher labour costs in Ireland had put serious pressure on the Irish management team, whereas the other early-investing Chinese MNE investigated (Company B) identified Ireland’s much higher labour costs as one of the main reasons for closing down their Irish operation at that time. The following quotes typify the views elicited from our interviewees.

‘The way [Chinese companies] look at [labour costs] [is that] they come from a low-cost economy... They are not feeling that they should spend huge amount of resources [outside of China] ... I would summarise that it is easier for Western companies to do business in China than [for] Chinese companies to do business in Europe, because, literally, [of] the higher [labour] costs [in Europe as compared to China].’

Regional Director, Irish Industrial Promotion Agent

‘Definitely wage differences [between China and Ireland] ... [I]f you look at the money calculation, we paid a lot higher wages here; we paid a lot higher taxes here... I mean back in the 1980s, the wage differential between our factory in Santry [Ireland] and our

factory in Hong Kong [China] was about ten times... It's about ten times more expensive to pay a worker here than a worker in Hong Kong in the 1980s... That's big difference... [W]ages in the mainland of China were even cheaper than wages in Hong Kong. That's why Hong Kong companies moved back into [mainland] China... So, manufacturing costs, labour costs between China and Ireland, [there were] a lot of differences.'

Managing Director, Company B

'I suppose eventually, there were a couple of things in [Company D] ... One was [that] the labour costs were high in terms of manufacturing [in Ireland] ... We, the management team, were trying to make our plant more and more efficient, faster, better ... We were always fighting with the cost!'

Managing Director, Company D

However, this study observed a very different perspective on the impact of labour costs on the location decisions of more recently-established Chinese MNEs in Ireland. Indeed, most respondents in this cohort of MNEs reported that labour costs had *no* significant impact on the location decision. It was particularly noteworthy that none of the senior executive respondents interviewed in the six more recently established Chinese MNEs felt that labour costs significantly impacted on their location decisions (see Com. I, Com. K, Com. L, Com. O, Com. P and Com. R in Table 18). While these more recently-established Chinese MNEs were certainly concerned with wage differentials between China and Ireland, and their Chinese headquarters may, at times, have pressurised the Irish management team to control overall employment expenditure, the preponderance of opinion indicates that higher Irish labour costs have not acted as a negative factor discouraging Chinese MNEs from locating in Ireland. This may be related to their headquarters' better understanding and acceptance that Irish labour costs, while higher than China, are in line with or indeed lower than those of many other EU countries

(Eurostat 2015). Consequently, it appears that labour costs were a lesser concern for Chinese firms of recent vintage, as illustrated in the following observation.

‘Obviously, the cost [of labour in Ireland] is very much higher than in China, but it’s still manageable ... not causing really big problems... [Because] our management team in China understands that to work or invest outside of China, you got to pay different labour costs... You could pay a lot more labour costs if you go to America or other countries.’

Managing Director, Company L

‘Certainly, there is a concern for the higher cost of labour in Ireland. But I mean the people who are responsible like [name of CEO of Chinese MNE] ... they understand that Irish salaries are not that different from American salaries or British salaries, despite being very different from Chinese salaries.’

Managing Director, Company R

‘Relative to China, there’s huge difference in labour costs. But that’s the reality. If Chinese companies are moving to Europe, then the Chinese labour rates are not relevant any more. It has to be the European [labour costs], the Western wage levels. It would not make sense that Chinese companies coming to Europe or to Ireland hope to have software engineers at the same costs as engineers in China. So, in that [case], [the Irish labour costs] are competitive versus the US, versus UK, versus Netherland, or some other European countries.’

CEO, Irish Industrial Promotion Organisation

Labour Quality and Labour Availability

With respect to the impact of labour quality and labour availability on the location decision, the impact of these factors was also different for earlier and more recent instances of Chinese FDI in Ireland, respectively. For firms that invested in Ireland at an earlier date, labour quality

did not emerge as a critical consideration in the location decision (see Com. B and Com. D in Table 18). However, labour availability was reported as a reasonably positive — if not key — factor impacting the location decision of Chinese MNEs that invested in Ireland at an earlier point (see Com. B and Com. D in Table 18). For instance, one managerial respondent from one of the Chinese MNEs that invested earlier noted that Ireland experienced high unemployment during the 1980s, and therefore offered an adequate supply of young workers. This was positively perceived by early Chinese investors, which was illustrated in the following observations.

‘One [good] thing is that Ireland had so many people at that time...We never had [a] problem of finding people. We just simply advertised on the local newspapers and then we could get a bunch of candidates to apply for the jobs.’

Managing Director, Company B

‘In the 1980s, the context was very dark, depressive, as far as the economy [was] concerned. If jobs [were] coming up, people [would be] queuing to get into us [for] the application forms... [There was a] huge ... available workforce. We never had a problem of recruiting whichever type of person we wanted. We never had a problem of recruiting who we wanted. We always had way more people to interview than we had jobs. So we had a very nice choice.’

HR manager, Company D

The majority of interviewees from the Chinese MNEs that invested in Ireland more recently identified labour quality and labour availability as positive factors impacting on the location decision. Among the six more recently established Chinese MNEs investigated, a majority (five of the six) felt that Ireland had a highly skilled, dynamic and flexible workforce as well as strong research capabilities within a variety of disciplines. This was, in turn, perceived as a

factor positively impacting on the location decisions of recent Chinese firms (see Com. I, Com. L, Com. O, Com. P and Com. R in Table 18). For instance, a few managerial respondents from recent Chinese MNEs specialising in high-technology sectors highlighted the critical importance of third-level institutions in favourably impacting on their location decisions, as illustrated in the following observations.

‘The issue of labour quality should be an advantage for Ireland. The higher education in Ireland is good and almost free. For many years, Ireland has spent a lot [of] money to develop its higher education. Its rate of enrolment into higher education is relatively high, higher than that in the UK and some other European countries. Obviously, this led to a number of qualified and skilled graduates. I think this is one of the reasons why many American companies came to invest in Ireland, besides the language influence. Ireland has a large population of high-tech professionals. Chinese companies that [specialise] in the high-technology areas should consider the education, and the skill-set of Ireland as important.’

President, Chinese Organisation in Ireland

‘A lot of the jobs would require technical people, especially electronic graduates ... and obviously, [Ireland] fits that bill with a technical college just across the road, very easy for [Company L] to get the skilled electronic graduates... That was one of the main reasons that the company located here.’

Managing Director, Company L

‘I think, in Ireland, a lot of famous international IT companies come and set up their operations and R&D centre in Ireland; so, there is a good environment to train the local talents... [S]o that’s why [Company I came and invested in Ireland]. For me, the talent resources [are] the first advantage [Ireland has] for us... Finally, we have a very big

group of young graduates in Ireland. These young people have very positive working attitude, and those type of talent[ed], young graduates will be the future of IT technologies.'

Managing Director, Company I

In a similar vein, senior executives in more-recently arrived Chinese MNEs specialising in service sectors (viz. ICT and international financial services) commented that the specific skills and competencies available in the Irish workforce in the targeted sectors were a key positive factor that enhanced Ireland's locational advantages and encouraged Chinese firms to locate in Ireland.

'We found that one of the key reasons [why] we are here is the talented people here in Ireland... There is great expertise in [the company's product/service] in Ireland... Our business mainly focuses on [the company's product/service] ... Above all, the labour quality is very good here.'

Deputy Managing Director, Company O

'In our company, we find the location, the English-speaking people here, and the talents here are quite important. So, we mainly focus on the business environment and the talented people when we made the decision to come to Ireland.'

Managing Director, Company P

'Ireland has been in [the specified service sector] for about 30 years... so we've got [a] very mature skill-set here. Companies specialising in [the specified service sector] can build up their business in Ireland quite easily. There's many experienced professionals here to do that. So, I think that's one [factor] for Chinese companies.'

CEO, Irish Industrial Promotion Organisation

‘One advantage Ireland has for Chinese companies is that there are many managerial and financial talents in Ireland. The overall quality of the Irish labour force is good. Majority of the Irish have received good education. It is easy for [Chinese] companies to find highly qualified and skilled talents.’

Chairman, Chinese Commercial Chamber in Ireland

Labour Regulation and Industrial Relations

Labour regulation and IR considerations were also found to have had different impacts on the location decisions of early and more recent instances of Chinese FDI in Ireland, respectively. Like labour costs, early-investing Chinese MNEs tended to compare labour regulation and IR in Ireland with their counterparts in China, as opposed to comparing Ireland with other potential European destinations. Their experience was that labour regulation and trade unions played a much more important and influential role in business affairs in Ireland in comparison with China. This was seen as a negative factor with respect to location decisions (See Com. B and Com. D in Table 18) as illustrated in the following observations.

‘[Early investing] Chinese MNEs were a bit worried about having the unions initially... because the industry at that time was quite regulated... Unions were very strong... The pay rates for workers in the factory were fixed; hours of working and everything was regulated [*sic*] and negotiated with the unions... There was a fear [on the part of early Chinese MNEs] that people were going to tell them [early Chinese MNEs] how to run a factory in Ireland.’

Managing Director, Company D

‘[At the time of investment] in the Irish culture, in the union environment, labour law and unions [determined] when [employees were] allowed to work, what [they were allowed] to work [at], how much should be paid... Companies were not allowed to do

many things, such as not allowed to fire staff... The union's roles [in Ireland] meant that the cost was high... Frequently, the company would have problems...'

Managing Director, Company B

However, a different picture emerged among the Chinese MNEs that invested in Ireland in later years. The vast majority of interviewees in these later companies commented that trade unions were viewed as an insignificant factor. Consequently, they reported that little attention was paid to the impact of union-related issues (e.g. union presence and influence and collective bargaining coverage) when they were making their location decisions (see Com. I, Com. K, Com. L, Com. O, Com. P and Com. R in Table 18). Regarding labour regulation, the general consensus was that labour regulation regarding working time, remuneration, overtime, dismissal, redundancy and health and safety had no major bearing on the location decision. Most of these MNEs did not see labour regulation as an issue, positively or negatively, impacting on their location decisions (see Com. I, Com. K, Com. L, and Com. R in Table 18).

'Regarding trade unions, I think the power of trade unions in Ireland is not strong. Certainly, trade unions have influence in Ireland, but [have] a less[er] impact compared to that in the UK or France. The influence and power of trade unions [is] very strong in the UK and France. From this point of view, I think the industrial relations, the trade unions are, at least, not negative factors that discourage Chinese companies to come and invest in Ireland.'

President, Chinese Organisation in Ireland

'Regarding labour regulation and industrial relations, as far as I know, [Company K] did not experience any major labour issue or dispute on these regards... Majority of the workers hired in [Company K] were Chinese nationals who were usually not union members and did not pay much attention to or had requirements on ensuring their rights,

such as the rights of having holiday pay, double pay on weekends, pay for overtime working, taking breaks, and minimum pay.’

Store Manager, Company K

‘[The Chinese investors] have not really had much discussions about [Irish labour regulation and industrial relations] ... Well, it’s been an easy time if you are not firing staff, and you have professional employees who with no trade union membership or anything like that. The Irish regulation has not been a big issue [within Company R] ... The big issue only comes in if you try to fire somebody, and they object [to] that, and you end up [having] to pay big compensation... Overall, we are not the kind of company where industrial relations would be such a key issue.’

Managing Director, Company R

One aspect of employment regulation in Ireland was identified as problematic, however. This related to the employment of non-European Economic Area (EEA) nationals in Ireland. As noted in interviews, Chinese MNEs prefer to transfer staff from their headquarters or to hire Chinese nationals from the local labour market for their Irish subsidiaries (Shen and Edwards 2004). These employees would require employment permits from the Irish State. The regulation of employment permits in Ireland is covered by the *Employment Permits Act* (2003–2014). This legislation requires employers in Ireland to ensure that no more than 50% of their workforces are composed of non-EEA nationals. Employment permits are granted only for highly skilled occupations (in areas like I.C.T., engineering, science, health and senior business management). Additionally, employers are required to advertise job vacancies in national or local newspapers or online for a specified period of time before the jobs in question can be offered to non-EEA nationals. The findings in this study indicate that these additional requirements and procedures were negatively perceived by Chinese MNEs, because of the

added workload and costs (see Com. I, Com. K, Com. L, Com. O, Com. P and Com. R in Table 18). This perception is illustrated in the following observation.

‘In this service sector, we prefer to hire Chinese or Asian people, because European nationals do not understand [the company’s principal activity/service], and they cannot speak Mandarin or understand the Chinese culture ... but it’s usually more difficult for us to apply [for] visa[s] for our Chinese staff in Ireland than in the UK.’

Regional Manager, Company K

5.5 Conclusion

In conclusion, this chapter presents and addresses the empirical findings on the research objectives that are outlined at the beginning of the study. In particular, it provides a detailed illustration of the empirical findings on the factors investigated in terms of their impact on the location decisions of Chinese MNEs that invested in Ireland. The factors investigated and illustrated in this chapter include the more general factors relating to economics, international business, sociology, culture and institutions (including politics) and the HR/IR factors. Overall, along with the majority of the more general factors (i.e. the Irish domestic market, infrastructure and logistics, financial grants, business laws and regulations and culture), the majority of the HR/IR factors (i.e. labour costs, labour quality, general labour regulation and IR-related issues) were found to have different impacts on the location decisions of early- and recently-established Chinese MNEs, respectively. Some general issues (i.e. the EU market, assistance from Ireland’s IPAs, language and some political considerations) and the HR factor of labour availability were found to have had a positive impact on the location decisions of both early- and recently-established Chinese MNEs. The issue of corporate tax, however, was generally reported to have had no important impact on the location decisions of either early or recently-established Chinese MNEs. Further discussion and analysis of these empirical findings will be provided in the following chapter.

CHAPTER SIX: DISCUSSION AND ANALYSIS

6.1 Introduction

Having presented its empirical findings in the previous chapter, this chapter will now consider the meanings and significance of these findings. The chapter will first review and discuss the limited presence of Chinese FDI/MNEs in Ireland in light of the extant literature on the pertinent areas of the FDI experience of Chinese MNEs in other geographies and/or locations, Ireland's experience in attracting inward FDI and the existing FDI theories in explaining Chinese FDI/MNEs in Ireland. By analysing the primary investment motives of Chinese FDI into Ireland, this chapter offers some explanations for the divergence that the low levels of Chinese FDI/MNEs in Ireland contrasts markedly with the high levels of US FDI/MNEs in Ireland. Following this, the chapter explains and evaluates the empirical findings associated with the socio-economic and HR/IR factors investigated in light of the extant literature, notably the available cognate studies on US FDI in Ireland.

6.2 Chinese FDI/MNEs in Ireland

According to the empirical data collected in this study and the secondary official data found, the total population of Chinese MNEs investing in Ireland is quite small and limited. As illustrated in Table 16 and also addressed in Chapter Five, only 26 Chinese MNEs were found to have established investment operations in Ireland across the time period under investigation, 1982–2014. Considering Chinese FDI/MNEs investing in other geographies and/or locations, this study observes that Ireland has never featured among the top destinations of Chinese FDI around the world or within the EU over the past decades (MOFCOM 2006, 2009, 2010, 2011, 2014). Analysis of the secondary data, together with a broad review of the extant literature, indicates that Chinese FDI in general has grown dramatically, particularly since 2000, as clearly elaborated in Chapter Two and also addressed in a number of previous studies (Deng

2004; Buckley et al. 2007; Buckley et al. 2008; Cooke 2012; Cooke and Lin 2012; Deng 2013). At the same time, however, Ireland, despite its status as one of the world's top destinations for inward FDI, has attracted a limited amount of outward FDI from China over the past decades, as reflected in this empirical investigation and also in the secondary official data found (MOFCOM 2006, 2007, 2008, 2009, 2014). This study observes that the small presence of Chinese FDI/MNEs in Ireland is in marked contrast with Ireland's track record in consistently attracting high levels of inward FDI from other major FDI sourcing countries. In particular, this limited presence of Chinese FDI in Ireland contrasts sharply with Ireland's prodigious success in attracting high levels of US FDI, as presented and addressed earlier in Chapter Two. This research offers some explanation for the divergence mentioned above, i.e. the low levels of Chinese FDI in Ireland compared to US levels. Based on the empirical data collected, this study suggests that the most fruitful line of inquiry in this regard is to investigate the primary investment motives of Chinese and US FDI, respectively. In this empirical study, the majority of Chinese MNEs investigated revealed that they adopted the strategies of a) seeking more markets (in particular the EU market) and/or b) acquiring more strategic assets, such as advanced technologies and brands) and/or c) pursuing some non-economic objectives, including some political motives. The qualitative data collected for this study finds very little evidence of efficiency-seeking Chinese FDI in Ireland across the period of research (1982–2014). Arguably, this along with the geo-political investment motives of Chinese FDI offers some explanations for the low levels of Chinese FDI into Ireland compared to US levels. More details of the investment motives of Chinese FDI into Ireland are presented and discussed in the following paragraphs.

Market-Seeking and Strategic-Asset-Seeking Investment Motives

In the extant literature, the market has been identified by previous scholars as an important conventional economic factor that greatly impacted FDI location decisions, including those of

Chinese MNEs (Dunning 1993, 2000; Buckley et al. 2007; Deng 2013; Voss 2011). Based on the empirical data collected, this study observes evidence of market-seeking forms of Chinese FDI into Ireland. Reflected in the empirical data collected, the possibility of accessing the EU market by investing in Ireland was generally reported as having had a positive impact on the location decisions of Chinese MNEs that invested in Ireland. The large scale of the EU market was generally reported as important and attractive to Chinese investors in Ireland. The majority of Chinese MNEs that invested in Ireland, whether they did so at an earlier stage or more recently, were reported to have important business clients in the EU. Ireland's location and its EU membership were perceived as advantages that would greatly facilitate the MNEs' customer support for their EU clients. Ireland's EU location therefore had a positive impact on these Chinese MNEs location decisions. This empirical finding is broadly in line with similar findings regarding US MNEs (see Table 4). As already addressed earlier in Chapter Two, evidence is found in extant literature that identifying Ireland's location within the EU as having significant positive impact on the location decisions of US MNEs that invest in Ireland (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

In addition to commenting on how investing in Ireland can be seen as a means of accessing the EU market, this study also considered how the Irish domestic market influenced the location decisions of Chinese MNEs in Ireland. From the empirical data collected, the Irish domestic market was reported to have had a mixed impact on the location decisions of early and recently established Chinese MNEs in Ireland. Early Chinese investors tended to comment that Ireland had a very small domestic market in comparison with some traditional larger European economies (such as the UK, Germany and France), and this was negatively perceived by early Chinese investors with regard to their location decisions (Cheng and Kwan 2000). However, Chinese MNEs that have more recently invested in Ireland are likely to accept Ireland's small

domestic market and to better understand the possible markets that can be accessed through investing in Ireland. As the data collected shows, the majority of these Chinese MNEs were reported to be focusing not on the Irish domestic market, but on the other possible markets that can be accessed through investing in Ireland, including accessing the markets in the EU, America, Africa and other parts of the world, when they made the location decisions (Cui and Jiang 2009; Voss 2011; Du et al. 2012). Thus, the issue of the Irish domestic market was viewed in far less negative terms but was generally reported exerting little impact upon the location decision of recent Chinese FDI in Ireland.

In addition to above evidence of market-seeking forms of Chinese FDI into Ireland, this investigation also observes evidence of strategic-asset-seeking forms of Chinese FDI into Ireland. While the qualitative data collected for this study identified greenfield sites as the main entering and investing method, a few recent Chinese MNEs were found to have invested in Ireland via M&As (see Com. I, Com. O, Com. R, Com. U, Com. W in Table 16). According to the data collected, these recent companies adopted the strategies of acquiring more strategic assets, notably advanced technologies and brands. In light of the existing literature on Chinese FDI, these empirical findings on Chinese MNEs investing in Ireland are broadly in line with the overall pattern of Chinese MNEs investing in other Western countries, with the majority adopting the strategies of seeking more markets (e.g. the EU market) and/or acquiring more strategic assets, such as advanced technologies and brands (Deng 2004, 2013; Wu 2005; Cui and Jiang 2009; Rios-Morales and Brennan 2010; Voss 2011; Cooke 2012).

Geo-political Investment Motives

In this investigation of Chinese FDI in Ireland, it was found that the first wave of investment by Chinese MNEs was not related to traditional economic motives (e.g. market seeking or resource seeking) (Dunning 1993, 2000), but was motivated rather by geo-political reasons. All of the early-investing Chinese MNEs in Ireland (see Table 16) originated from Hong Kong. As

reflected in our empirical data, their investment behaviours were mainly driven by non-economic reasons, specifically the political unrest occurring in the home region of Hong Kong at the time of investment (i.e.1980s)²⁹. These geo-political motives proved dominant and rendered managerial and organisational factors less significant, such as the HR/IR, culture, market (i.e. the Irish domestic market), infrastructure and logistics³⁰. Quite a few senior executive respondents in these MNEs commented that a high level of political unrest and uncertainty existed in Hong Kong before the transfer of governance to mainland China (Murphy 1991; Carroll 2007). Emanating from fears of re-integration with mainland China and possible loss of investment, this unrest spurred members of the Hong Kong business community to actively investigate opportunities to move investment to ‘safer’ locations outside of Hong Kong and mainland China to protect their financial interests (Murphy 1991; Li 1997; Schenk 2005; Carroll 2007; Tsang 2007). However, Hong Kong’s political upheaval proved transitory and was largely resolved later in the 1990s, primarily due to ‘Beijing’s non-interference’ in Hong Kong’s affairs as permitted before the handover that in turn conveyed ‘a rising public confidence’ in Hong Kong’s political future (Carroll 2007, p.222). Consequently, all of the early-investing Chinese MNEs in Ireland progressively exited their Irish investments after the Hong Kong political settlement. Therefore, the political unrest in the lead-up to Hong Kong’s handover, identified as one primary motive for early Chinese FDI in Ireland, and its later ‘settlement’ explains the limited longevity of Chinese FDI into Ireland before the turn of the millennium.

²⁹ Hong Kong is a former British colony. Between 1853 and 1997, Hong Kong was ruled by Great Britain and has adopted British-style government and legal institutions.

³⁰ In this investigation, HR/IR factors (i.e. labour costs, labour regulation, and IR-related issues), culture, the Irish domestic market, infrastructure and logistics were found to have had a negative impact on the location decisions of early-investing Chinese MNEs in Ireland, as presented in Chapter Five and discussed later in this chapter.

In addition, as reflected in the empirical data collected in this study, China's Central Government was reported having a critical impact on the location and investment decisions of recent Chinese MNEs in Ireland (See Com. O, Com. P and Com. R in Table 17). This empirical finding is in line with the similar findings of previous studies that reporting a significant involvement and influence of China's Central Government in regard to the FDI behaviours of Chinese MNEs (Taylor 2002; Deng 2004; Warner et al. 2004; Wu 2005; Buckley et al. 2007; Hitt et al. 2007; Peng et al. 2008; Fornes and Butt-Philip 2009; Rios-Morales and Brennan 2010; Deng 2011). As reported, China, arguably the largest and most well-known emerging economy, has been transitioning from a centrally planned economy to a market-based economy through liberalisation and privatisation. This has been accompanied by substantial changes in China's political systems, legal frameworks, and market structures (Child and Tse 2001). However, the economic behaviour (including FDI behaviour) of the majority of Chinese firms is still fundamentally influenced by government policies and incentives, even after four decades of economic reform. Studies have reported that China's Central Government provides strong policies and incentives to enterprises that are engaged in the process of FDI (Child and Rodrigues 2005). With powerful support from the Central Government, some large Chinese enterprises, particularly some large state-owned ones, have been rapidly modernising, and many of them have developed to be competitive in the global context, largely through aggressive international expansion (Zeng and Williamson 2003). Lu et al.(2011) provides empirical evidence showing that institutional support from China's Central Government directly and indirectly affects the outward FDI behaviours of Chinese firms. This work also suggests that institutional support in the home country (China) provided not only competitive background conditions, but also active support for Chinese MNEs seeking to engage in FDI activities. According to the empirical data collected in the present study, the economic-financial reform policies and incentives of China's Central Government have had an important

impact on the FDI decisions of several recent Chinese MNEs in Ireland. These policies include the *Open-up Policy*, the *Going-Out Policy* (also called as the *Going-Global Policy*), the *Five-Year Plans* and the recent *Silk Road Economic Belt and the 21st-centuray Maritime Silk Road* (also known as the *Belt and Road Initiative*, proposed by Chinese President Xi Jinping), etc. (Child and Rodrigues 2005; Buckley et al. 2007; Buckley et al. 2008; Lu et al. 2011; Voss 2011). For instance, the *Open-up Policy* and the economic reform in the financial service sector in China were identified as important factors that contributed to the investment decision of two recent Chinese MNEs that investing in the financial-service sector in Ireland (See Com. O and Com. P in Table 17). In addition, *China's Five-Year Plans* were identified as a factor that had an important impact on the investment decision of one recent Chinese MNE that specialises in the ICT sector (See Com. R in Table 17).

More broadly, the secondary official data from a number of sources (notably the Chinese Embassy in Dublin, IDA Ireland, Irish Times, Chinese Newspapers in Dublin, etc.), shows that China and Ireland have established a smooth political and diplomatic relationship since first establishing diplomatic relations in 1979 and exchanging ambassadors in 1980. From the Chinese side, high-level political visits to Ireland have been made by Premier Zhu Rongji (2001), Premier Wen Jiabao (2004) and Senior Leader of the Chinese Political Committee Li Changchun (2010), among others. From the Irish perspective, high-level visits to China have been made by President Patrick Hillery (1988), Minister for Foreign Affairs David Andrews (1998), President Mary McAleese (2003) and the Irish Taoiseach (Prime Minister) Brian Cowen in 2008 (Chinese Embassy in Ireland 2011). In effect, the China–Ireland bilateral relations have been further boosted by recent high-level mutual visits. These began with Chinese Vice-President Xi Jinping's visit to Ireland in February 2012, followed by Taoiseach Enda Kenny's official visit to China in March 2012. A series of 'follow-up' government visits, business and commercial activities, events, conferences and forums have been conducted since

Xi's visit to Ireland. Examples of these 'follow-ups' include the following conferences: the 'Inaugural China–Ireland Relations Conference', Galway, March 2012; 'Rising China in the Changing World Economy', Dublin, April 2012, organized by the *Institute of International and European Affairs*(IIEA); 'Salthill-China Day', Galway, June 2012; and 'China's Energy Development in the Era of Global Engagement', Dublin, April 2016, organized by the IIEA.

More recently, a range of associations have been established to bring together Irish and Chinese business communities that are interested in enhancing mutual understanding and cooperation. Among these are the China–Ireland Relations groups on Facebook and LinkedIn. The Ireland–China Business Association (ICBA) has played an especially important role in terms of promoting and advancing business and commercial relationships and connections between the two economies. Since its establishment in 2000, the ICBA has successfully organised breakfast talks and conferences at which leading Irish and Chinese entrepreneurs and government officials were invited to share their valuable experience and insights on possible business and investment opportunities between China and Ireland, covering the aspects of innovation, ICT, financial service, energy, technology, etc. Examples of these talks and conferences organised by ICBA include 'The China-Ireland Financial Forum', (Dublin, September 2016) and 'The Growing China-Ireland Relations through Innovation in ICT (Dublin, February 2017) at which senior executive representatives from Chinese MNEs that investing in the financial service and the ICT sectors in Ireland were invited to share their relevant experience of and valuable insights on investing in Ireland. More recently, in June 2017, for example, the ICBA successfully organised the China (Shenzhen)–Ireland (Dublin) Economy and Trade Cooperation Conference, which was attended by a delegation of about 100 Chinese companies from Guangdong that specialising in multi-sectors. The ICBA plans to hold further conferences during the remaining months of 2017, which will be attended by delegations of hundreds of Chinese companies from Shanghai, Jilin, and other parts of China. In addition, its monthly

social and cultural evening events, the ‘Gan Bei Wednesday’, together with its annual dinners, creates informal opportunities for members to network and build friendships through the interaction and exploration of Irish and Chinese cultural traditions and life-styles.

Summarily, this study provides empirical evidence of the critical importance of certain geo-political factors for the location decisions of Chinese MNEs pursuing FDI in Ireland, i.e. observing Chinese FDI invested in Ireland for geo-political reasons. Furthermore, this study observes that Ireland has fostered a good and positive political and diplomatic relationship with the Chinese government for many years, and that has been greatly advanced by recent high-level political visits and series of ‘follow-up’ events, forums and conferences between the two nations. This study also finds that such enhanced relationships between the two nations are likely to have a positive impact and encourage Chinese MNEs to locate and invest in Ireland.

Limited Efficiency-Seeking Chinese FDI in Ireland

The qualitative data collected for this study provides very little evidence of efficiency-seeking Chinese FDI in Ireland across the period of research (1982–2014). However, according to the existing studies, most of Ireland’s inward FDI can be characterised as primarily ‘efficiency-seeking’ (Barry 2007; Barry and Bergin 2012). For instance, the majority of US FDI in Ireland can be categorised as ‘efficiency-seeking’ and consequently attracted to Ireland by, inter alia, its membership of the EU, its low corporate tax, its labour availability, quality and flexibility and its permissive employment regulation and IR system in comparison with many other EU countries (e.g. Germany, France and the UK) (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001). In contrast, the existing literature indicates that the great bulk of Chinese outward FDI is generally perceived as either market- or resource-seeking, both criteria on which Ireland generally performs quite poorly (Deng 2004; Cooke 2012). Only very limited evidence is found to suggest that Chinese outward FDI is driven by efficiency motives in regard to factors such as taxation, supply chain logistics or labour issues (Buckley et al. 2008; Kang

and Jiang 2012). Arguably, this offers implications for discussion of both the limited volume of Chinese FDI into Ireland and the factors impacting Chinese FDI into Ireland (e.g. corporate tax).

Indeed, the apparently limited emphasis on efficiency-seeking among Chinese MNEs, as frequently found in previous studies and also reflected in this empirical investigation of Chinese MNEs in Ireland, contrasts with Ireland's particular reputation for attracting efficiency-seeking FDI, particularly its impressive track record in attracting high levels of efficiency-seeking US FDI. Thus, the fact that Ireland attracts very low levels of Chinese FDI is not all that surprising in spite of its status as one of most FDI-dependent economies in the world and its particular attractiveness to US MNEs. Our analysis offers three possible explanations for the limited efficiency-seeking motivations among Chinese FDI observed in general and in Ireland in particular. Firstly, it might be attributed to home country's (China's) strong comparative advantages associated with labour costs, labour supply and relevant IR legislation as addressed previously (Kang and Jiang 2012). Secondly, it might relate to the observation that Chinese MNEs are not always 'profit maximisers,' because they don't operate under the same free-market pressures to deliver 'shareholder value' as compared to US MNEs (Independent expert respondent) (Buckley et al. 2007; Buckley et al. 2008). A third related reason relates to the central role of the State (i.e. the Communist Party) in China. As addressed above, China's Central Government is generally perceived as playing a much more influential role in the internationalisation of Chinese MNEs, and this role does not prioritise short-term profit and performance (Buckley et al. 2007; Buckley et al. 2008). In marked contrast to the US, the Communist Party is an advocate and supporter of state-owned enterprises and also operates as a form of gate-keeper in approving and facilitating FDI by Chinese firms (Buckley et al. 2007; Fornes and Butt-Philip 2009; Duanmu 2012). This role may embrace financial and other forms of support which lessen the market pressures on some Chinese MNEs to maximise

efficiencies (Buckley et al. 2007; Fornes and Butt-Philip 2009; Duanmu 2012). Such ‘market imperfections’, mainly through the essential role and influence of China’s Central Government, may go some way in explaining why Chinese firms in Ireland do not appear to be as incentivised as their US counterparts by conventional market-based incentives.

For instance, in this study, Chinese MNEs were found not to have been attracted to the Irish tax incentive of low corporate tax, although this has been identified as a critical attraction to MNEs from other countries (particularly those from the US) (Gropp and Kostial 2000; Gunnigle and McGuire 2001; Barry 2004). The main reasons for this have been identified as the low-revenues and low-profits³¹ that Chinese MNEs generate through their Irish subsidiaries, but additional explanations may be found in the MNEs’ strong loyalty to their home country. Some Chinese MNEs, particularly the large SOEs or Semi-SOEs (enterprises partially sponsored by the State) that have been responsible for the majority of Chinese FDI around the world, were reported to have a strong patriotic devotion to their home country and a tax commitment to their State (Buckley et al. 2007; Fornes and Butt-Philip 2009; Duanmu 2012). Essentially, these Chinese MNEs may have been more interested in paying taxes to the home country (China) than they have been in simply paying lower taxes in the host location (Ireland).

In summary, this section illustrates that the majority of Chinese MNEs investing in Ireland were found to have adopted the strategies of a) seeking more markets (e.g. the EU market) and/or b) acquiring more strategic assets (e.g. advanced technologies and brands) and/or c) pursuing non-economic motives (e.g. certain geo-political motives). Very limited evidence of efficiency-seeking Chinese FDI was observed in Ireland across the period of research (1982–2014). The evidence gathered for this study suggests that the limited emphasis on efficiency-seeking among Chinese MNEs, along with the geo-political investment motives of Chinese

³¹ More information in relation to the low-revenues and low-profits of Chinese MNEs in Ireland is provided in the later discussion of the impact of corporate tax on Chinese FDI in Ireland.

FDI, may offer some explanations for the low levels of Chinese FDI into Ireland compared to the US levels. Furthermore, in light of the existing theories on FDI, this study suggests that Dunning's (1993, 2000) theoretical framework for the study of MNEs' investment strategies provides some theoretical support for explaining Chinese FDI into Ireland, but it also has some limitations in this regard. According to Dunning (1993, 2000), FDI activities are categorised into market-seeking, resource-seeking, efficiency-seeking and strategic-asset-seeking forms of FDI. Hence, Dunning's eclectic paradigm (1993, 2000) offers theoretical support and explanations for the market-seeking and strategic-asset-seeking forms of Chinese FDI into Ireland. However, the theory does not capture Chinese FDI that invested in Ireland for non-economic reasons, particularly geo-political reasons, which are also evidenced in this empirical investigation of Chinese FDI in Ireland.

6.3 The Impact of Socio-Economic and HR/IR Factors on Chinese FDI in Ireland

Having discussed the primary investment motives of Chinese FDI into Ireland, which provides some explanations for the limited presence of Chinese FDI into Ireland, the chapter now explains and reviews the empirical findings associated with the socio-economic and HR/IR factors investigated in relation to their specific impact on the location decisions of Chinese MNEs in Ireland. It starts with a detailed analysis of the specific impact of each of the socio-economic and HR/IR factors investigated on Chinese MNEs in Ireland. These empirical findings are then discussed and reviewed together in light of the extant literature. Overall, the review and analysis of these empirical findings relating to the impact of general socio-economic and HR/IR factors on Chinese MNEs in Ireland also supports the above observation that the existing FDI theories (e.g. Dunning's eclectic paradigm), although helpful for the task of explaining Chinese FDI into Ireland, also have certain limitations in this regard.

The Impact of Socio-Economic Factors on Chinese FDI in Ireland

Infrastructure and Logistics

In the extant literature, infrastructure and logistics have been identified as general economic factors that frequently influence FDI location decisions, including Chinese FDI location decisions (Buckley and Casson 1976; Dunning 2000; Buckley et al. 2007; Voss 2011; Deng 2013). From the empirical data collected in this study, these two conventional economic factors were found to have had a mixed impact on early and recent Chinese FDI in Ireland. As illustrated in Table 17 and in Chapter Five, these two conventional economic factors were generally reported as having a negative impact on early-investing Chinese MNEs but having no significant impact on recently-investing Chinese MNEs with regard to the location decision. In this investigation, infrastructure and logistics were generally reported as having a negative impact on the location decisions of Chinese MNEs that invested in Ireland at an earlier stage. As reflected in the data collected, early Chinese investors tended to comment that Ireland offered far fewer choices and capabilities in terms of shipping and transportation, when compared to some large European countries (such as the UK and Germany) (OECD 2016b). Furthermore, the costs of shipping, transportation and other logistics in Ireland were reportedly higher than those in some other European countries (such as the UK and Germany). Most significantly, these costs were reported to be much higher than they would be in China (China's National Bureau of Statistics 2001; Central Statistics Office 1981–2001). Consequently, limited choices and higher costs in shipping, transportation and other logistics in Ireland were perceived as disadvantages, which reportedly had a negative impact on the location decisions of early Chinese investors (Cheng and Kwan 2000).

In contrast, it was found that more recently established Chinese MNEs saw infrastructure and logistics as having no major impact on their location decisions. The lesser importance assigned to infrastructure and logistics by Chinese MNEs in more recent times is largely due to Chinese

FDI's changing sectoral focus. As noted earlier in the discussion, all of the early Chinese FDI in Ireland was located in the manufacturing sector, using Ireland as an intermediate and manufacturing base for exporting products to the European and American markets. Therefore, infrastructure and logistics (including shipping, transportation and other logistics) were perceived as important considerations in the location decisions of the MNEs concerned. In contrast, as reflected in the data collected, more recent Chinese FDI has been predominantly located in the niche services sectors, especially ICT, and international financial services (Barry 2007; Barry and Bergin 2012). Generally speaking, such niche services sectors place less emphasis on the infrastructure and logistics of the host location when compared to manufacturing industries, as reflected in this investigation and other previous studies (Duanmu and Guney 2009; Duanmu 2012).

Corporate Tax

Corporate tax is another more general issue investigated and analysed in this study. As illustrated in Table 17 and addressed in Chapter Five, in the data collected, corporate tax was generally reported as having no significant impact on the location decisions of the majority of Chinese MNEs that invested in Ireland. This is despite the fact that Ireland's corporate tax was then reported as the lowest in Western Europe, and it contrasts with evidence that Ireland's corporate-tax regime made a critical contribution to the location decisions of US MNEs that invested in Ireland (Gropp and Kostial 2000; Gunnigle and McGuire 2001; Barry 2004). As reported in the extant literature, over the past six decades, Irish Government policy has consistently supported a favourable corporate-tax system in order to attract inward FDI, with the current corporate tax rate at 12.5% (Barry 2007). Ireland is usually perceived by MNEs as offering one of the most competitive tax environments in the world for FDI, and this has greatly encouraged the location decisions of many MNEs in Ireland (Gropp and Kostial 2000; Barry 2007). However, this empirical investigation did not find that corporate tax had a significant

impact on the location decisions of the majority of Chinese MNEs that invested in Ireland. The data collected suggests that this may be due in large measure to the low revenue and/or low profit that was generated by Chinese MNEs through their Irish subsidiaries during the period of investigation (1982–2014). Corporate tax is understood as a tax on the profits that are generated through the host location (i.e. Ireland). As reflected in the data collected, during the period of investigation (1982-2014), the majority of Chinese MNEs in Ireland were reportedly generating quite small profits after the deduction of all other costs, which were usually reported quite higher than those in China and some other European countries. Therefore, Ireland's low corporate tax was not generally identified as important for the location decisions of the majority of Chinese MNEs in Ireland (Duanmu and Guney 2009; Duanmu 2012). Furthermore, additional explanations may also be found in the Chinese MNEs' strong loyalty to their home country (as addressed in the earlier section on the limited efficiency-seeking Chinese FDI in Ireland).

Financial Grants

The thesis will now turn to the impact of financial grants on the location decisions of Chinese FDI in Ireland. The data collected shows that Chinese MNEs that invested in Ireland at an earlier stage received relatively large financial grants from the Irish Government. This is reported to have greatly contributed to their location decisions (See Com. B and Com. D in Table 17). On the other hand, the data collected shows that very few of the Chinese MNEs that invested in Ireland more recently have received significant financial grants or assistance from the Irish State. Such financial assistance from the Irish State or Irish IPAs was not generally perceived as having been important for these firms' location decisions, partly because they tended to locate in urban cities of Ireland, rather than rural areas. According to senior executive respondents from Irish IPAs, financial grants are only offered to MNEs investing in particular rural areas of Ireland, with very limited funding, if any, offered to FDI activities located in the

urban cities of Ireland (e.g. Dublin). As this study shows, the majority of Chinese MNEs pursuing FDI in Ireland located in cities of Ireland. More than 90% of recent Chinese FDI located in Ireland's biggest city, Dublin. Furthermore, some senior executive respondents from Chinese MNEs have reported that they see financial grants and assistance from the host government only as a bonus and extra benefit, but not as an investment motive in themselves.

Ireland's IPAs

In the data collected, the Irish IPAs were reported as a factor that positively impacted on the location decisions of both early and more recently-established Chinese MNEs in Ireland. This is in line with similar findings (See Table 4) on US MNEs that identified the Irish IPAs as having had a significant positive impact on their location decisions (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012). Indeed, over the years, Ireland's IPAs, in particular its national IPA- the IDA Ireland has proven itself to be one of the most outstanding and effective investment promotional agencies in the world. The expertise and experience of IDA Ireland has been broadly recognised and often cited as a good example of how investment promotional agencies can efficiently adapt to changing domestic circumstances and global FDI trends and opportunities (Leowendahl 2001; Barry 2004; Rios-Morales and O'Donovan 2006). Much of the IDA's success has been attributed to its highly internationalised staff, its 'transnational strategic networks' (Nelson 2004) and its special *modus operandi*, which is characterised by its niche-targets identification strategy and its aggressive 'marketing' approach to targeting MNEs (MacSharry and White 2000; Rios-Morales and O'Donovan 2006). As a result, it is no surprise to find that the support and assistance of IDA Ireland and other Irish IPAs has been identified as an important factor that greatly contributed to the location decisions of many MNEs in Ireland, including Chinese and US MNEs that invest in Ireland as reflected in this investigation and previous studies (Mayuya and Jacobson 1991; Gorg and

Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

However, a deeper analysis of the empirical data of this study shows that the Irish IPAs played a less important role in the location decisions of more recently-established Chinese MNEs, compared to early Chinese investors. Based on the data collected, early Chinese investors were reported to have received a lot of essential assistance and support from the Irish IPAs in various aspects. For instance, the Irish IPAs were reported in charge of the evaluation and allocation of the Government's financial grants and aids for FDI projects (*Independent Expert Respondents*). Early Chinese MNEs were reported to have received essential assistance and help from the IPAs that greatly facilitated their acquisition of the permitted financial grants and aids from the Irish State. In addition, the Irish IPAs were also reported to have developed strong working relationships with other Irish government organisations, including the Irish Immigration Office. It was commonly believed by early-investing Chinese MNEs that the Irish IPAs' strong working relationship with the Irish Immigration Office could greatly facilitate the MNEs' applications for visas, work-permits and, especially, Irish passports. As reflected in the data collected, during the 1980s, Ireland offered Irish passports to foreign investors and their family members, and this was identified as an important attraction for early Chinese investors. On the other hand, the data collected also shows that Chinese MNEs that invested in Ireland more recently did not receive the same financial grants from the Irish State, and that the Irish IPAs were therefore no longer viewed by these MNEs as playing such an essential role. Furthermore, the Irish policy of issuing Irish passports to foreign investors was quickly abandoned in Ireland for social and demographic reasons (Mulqueen 1998; Tynan 1998). Again, the Irish IPAs were no longer perceived by recent Chinese MNEs as offering such essential help or assistance in acquiring Irish passports. From the perspective of the MNEs that invested in Ireland more recently, the Irish IPAs' function was limited to offering referring and

networking assistance, such as facilitating visas and work permits for workers transferred from their headquarters, recommending and introducing leading accountancy and legislation advisers and companies, and facilitating networking with other local business partners. All such referring and networking assistance from the Irish IPAs was generally perceived as simple and superficial. Its contribution to these firms' location decisions were perceived as, at best, limited.

Business Laws and Regulations

Business laws and regulations, as reflected in the data collected, affected earlier and later Chinese FDI in Ireland to different extents. For early Chinese FDI, the issue of business laws was generally reported as having no impact on the location decision. One possible explanation for this insignificance could be that at the time of investment (i.e., the 1980s), Ireland was reported to have a limited amount of business legislation. Chinese MNEs found that industrial and labour issues were resolved largely through negotiation with trade unions, rather than by the implementation of business laws (International Labour Organisation 2016). Consequently, these early-investing Chinese MNEs tended, when interviewed, to comment on the impact of union-related regulation,³² rather than on the business and commercial laws. So, business legislation was not found to be important in the location decisions of early Chinese investors in Ireland. Turning to the recent period, an increasing body of business laws has been implemented in Ireland, resulting in significant differences with Chinese business and commercial laws (Department of Enterprise, Trade and Employment 2005; International Labour Organisation 2016). Based on the data collected, the headquarters of recently-established Chinese MNEs in Ireland have developed a better understanding and acceptance of these differences. Senior executives in these MNEs have come to understand that Irish commercial and business laws, although different from their Chinese counterparts in certain

³² For further details on the impact of union-related regulation, see the discussion on HR/IR factors.

respects, are similar to business legislation in the UK and in other EU countries (Du et al. 2012). Consequently, the issue of business legislation has recently been viewed in far less negative terms.

As the data collected shows, Ireland's legal system was viewed by recent Chinese MNEs as offering some locational advantages and thus was found positively contributing to the location decision of recent Chinese FDI in Ireland. A few of the Chinese MNEs that invested in Ireland more recently reported that the business-legislation system in Ireland was generally more democratic, transparent, mature, stable, regulated and effectively enforced than that in China. These positive attributes of Irish legal system were reported as having positively contributed to these firms' location decisions (Du et al. 2012). Furthermore, Irish legislation on company registration reportedly did not require the actual lodgement of registered capital, and the process of registration was found to be very efficient. This was perceived as another advantage of Irish legislation and was reportedly attractive to recent Chinese investors in Ireland (Company Registration Office 2014). Finally, Ireland was reported as having strong protection of IP rights in its business and commercial legislation. This was reported as important and attractive to recently-investing Chinese MNEs that have reached the stage of seeking more IPs and/or producing their own IPs (Du et al. 2012). The literature shows that IP protection is considered essential by MNEs, including some advanced Chinese MNEs, in their pursuit of innovation and competitiveness (Du et al. 2012). China reportedly offers only a basic level of IP protection, and serious IP infringements are thought to be common there in China (Israel 2006; Strateford 2006). In contrast, a high standard of IP protection is constantly implemented in the Western, developed world, including Ireland (Du et al. 2012). Ireland's stronger protection of IP was reported as another advantage in its legal system that positively contributed to location decisions for Chinese FDI in Ireland.

In summary, this study found that business laws and legislation had very little impact on the location decision of early Chinese FDI in Ireland, but they were generally reported as having a positive impact on the location decision of recently-established Chinese FDI in Ireland. In light of the extant literature, these empirical findings on Chinese FDI in Ireland are broadly in line with similar findings (See Table 4) on US MNEs that reporting business laws and legislation as having positive impact on the location decisions of US MNEs in Ireland (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

English-Language Skills

In this investigation, language was reported as having a positive impact on the location decisions of both early and recent Chinese-MNE investment in Ireland. In light of the extant literature, this overall empirical finding is also broadly in line with similar findings (See Table 4) on US MNEs in Ireland which identified the English language as a significant positive factor contributing to the location decisions (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

According to the data collected, the fact that Ireland is an English-speaking country was perceived as an advantage by early Chinese investors. In the data collected, the majority of early Chinese investors in Ireland were found to be from Hong Kong, China. Historically, at the time of investment, Hong Kong was a British colony, and the majority of people in Hong Kong could speak English (Murphy 1991; Li 1997; Schenk 2005; Carroll 2007; Tsang 2007). Furthermore, early Chinese MNEs were reported to have their principal business clients in the EU (as illustrated above) and in America where English is widely used. Therefore, the English-language skills of Irish workers were perceived as a means of facilitating communications between the Irish subsidiaries and their headquarters in Hong Kong, and between the MNEs

and their principal European and American clients. Consequently, language had a positive impact on the location decisions of early Chinese investors in Ireland. Turning to more recent period of investment, language was also reported as a positive factor impacting location decisions for more recent Chinese FDI in Ireland. Based on the data collected, the majority of recent Chinese MNEs were reported to have primary business clients in the EU and/or the US where English is popularly used. English is also important as an international business language that is widely used in other parts of the world (such as in South Africa) (Clark 2012; Neeley 2012). Evidence also suggests that English is likely to create other possible benefits for recently investing Chinese MNEs. Because English is spoken by a considerable number of workers in China (Bolton and Graddol 2012), by basing itself in an Anglophone country (e.g. Ireland), a Chinese MNE can facilitate easier interactions between the subsidiary and its headquarters. Recruitment and selection within the overseas subsidiaries can also benefit, because Chinese MNEs prefer to recruit Chinese graduates abroad, who are most likely to have strong English-language skills (Bolton and Graddol 2012; Clark 2012; Neeley 2012).

Culture

With respect to the impact of culture, based on the data collected, culture was reported as having different impacts on early and more recent Chinese FDI in Ireland, respectively. For early-investing Chinese MNEs, culture was reported as having a negative impact on the location decision. This was mostly attributed to the significant cultural differences reported between the two nations at the time of investment (the 1980s). These perceived differences encompassed workplace environment, employee behaviours, management approaches, problem-solving, etc. (Buckley et al. 2007; Buckley et al. 2008; Peng et al. 2008; Rios-Morales and Brennan 2010; Lu et al. 2011; Voss 2011; Cooke and Lin 2012). As reflected in the data collected, Irish workplaces were usually perceived as quite flexible and casual; management approaches were thought to focus on people motivation and development, rather than only

concentrating on target completion or production efficiency; employees were usually given more rights and freedom at work, including more frequent breaks (e.g. smoking/cigarette breaks, toilet breaks and coffee breaks) ; and in case of having problems, direct and open approaches were usually adopted to identify the main causes, the primary responsible person(s) and the resolutions of problems. In Chinese business culture, on the other hand, workplaces tended to be very strict; employees tended to be tightly monitored and controlled; the need to meet specified objectives and targets was emphasised more than employee motivation; and problems tended to be resolved in a more personal and indirect manner that avoided the risk of anyone 'losing face', which has been identified as a critical issue in the Chinese business culture (Peng et al. 2008; Rios-Morales and Brennan 2010). According to managerial respondents from early-investing Chinese MNEs, these noted differences between Irish and Chinese business cultures were likely to add more costs, reduce productivity and efficiency, and add to managers' workloads (Buckley et al. 2007; Hitt et al. 2007). As a result, the discussion on the issue of culture among early-investing Chinese MNEs was likely to be negatively (see Com. B and Com D in Table 17), but it did not deter those early Chinese investors, given their other primary investment motives (including the geo-political motives that has been addressed above).

In contrast, Chinese MNEs that more recently established themselves in Ireland have adopted a more pragmatic and possibly more systematic approach by comparing the culture in Ireland with those in other potential EU locations instead of simply focusing on differences with China itself. The issue of culture was consequently then viewed in far less negative terms. Recently-investing Chinese MNEs have also found that Irish culture has certain positive attributes, including friendliness, openness in terms of communication and the ability to build trusting personal and business relationships. The reported tendency of Irish people to follow business rules and agreements was also highlighted as important and attractive to certain Chinese MNEs

that invested in Ireland through M&As. Based on the interview data collected, M&As were identified as one of the entering methods for recent Chinese FDI in Ireland, driven by the purpose of acquiring advanced technologies, brands, management expertise and/or other strategic assets. Irish staff members were perceived as being prepared to obey non-disclosure agreements, which are vital to the protection of IPs. In other words, it was believed that the Irish staff would not go off and set up another company with the same or similar technologies after the acquisition. This significantly advanced the Chinese investors' trust and their confidence that they could retain their technologies and Irish staff after the acquisition, which greatly supported their decisions to acquire the companies.

Again, in light of the extant literature, the overall finding that cultural considerations had a generally positive impact on recent Chinese FDI in Ireland is broadly in line with similar findings (See Table 4) relating to the FDI decisions of US MNEs with respect to Ireland (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012).

The Impact of HR/IR Factors on Chinese FDI in Ireland

Labour Costs

The first HR/IR issue addressed is the impact of labour costs on Chinese FDI in Ireland. As illustrated in Chapter Five, labour costs were reported as a negative factor impacting on the location decisions of early-investing Chinese MNEs in Ireland. This is despite the fact that Irish labour costs were then lower than those in many larger Western European countries at the time (Barry 2004, 2007). This negative perception of Irish labour costs also contrasts with evidence from US MNEs in this period, which generally perceived Ireland as having comparatively lower labour costs than the US and many of the countries that made up the EEC. Therefore, labour costs were viewed as a positive factor regarding Ireland's attractiveness to inward investing US MNEs in the 1970s and 1980s (Buckley and Ruane 2006). Arguably, this negative

perception of Irish labour costs among early Chinese investors was mainly due to the home country's (China's) strong competitiveness in labour costs at the time of investment, i.e. in the 1980s and 1990s (Kang and Jiang 2012). As already noted in the literature review, Chinese labour costs were significantly lower than those in Ireland during the 1980s and 1990s (China's National Bureau of Statistics 2001; CSO 1981-2001). This study found that early Chinese investors tended to focus particularly on the comparative pay differential between China and Ireland and consequently tended to underplay, and perhaps to have less awareness of, Ireland's comparative advantage in labour costs within the European context at the time.

In contrast, Chinese firms that invested in Ireland more recently adopted a more pragmatic, and possibly more systematic, approach in comparing labour costs in Ireland with those in other potential EU locations, rather than simply focusing on host-home country comparisons. Consequently, labour costs were viewed in far less negative terms and were reported as exerting little impact on the location decision. This thesis identifies three broad reasons to help explain the progressive decline in the influence of labour costs on the location decisions of Chinese MNEs that invested in Ireland more recently. The first relates to the progressive narrowing of the gap in labour costs between the two nations, mostly due to the recent rapid rise in labour costs in China (China's National Bureau of Statistics 2016) and the reduction in Irish labour costs due to the effects of the global financial crisis from 2008 onwards (CSO 2016). Although China still lagged behind Ireland, the average annual wage in China rose dramatically to reach a record level of approximately €9,000 by the end of 2015, compared to Ireland's average annual wage of €36,519 in the same year (China's National Bureau of Statistics 2016; CSO 2016). Second, as observed from the interview data collected, the headquarters of recent Chinese MNEs have developed a better understanding and acceptance of wage differences between China and Western developed countries (including Ireland). Third, through profiling the population of Chinese MNEs in Ireland, it was found that the most recent investment by

Chinese MNEs in Ireland is very small in terms of the numbers employed, with only a handful of Chinese MNEs hiring more than 100 employees. Consequently, labour expenditure was generally very low and not a particularly critical consideration for location decisions (Bellak et al. 2008).

Labour Quality and Labour Availability

The second HR/IR issue analysed is the impact of labour quality and labour availability on the location decisions of Chinese and US FDI, respectively. As alluded to earlier, Ireland had a very loose labour market and high unemployment during the 1980s, with a much higher unemployment rate than many other developed countries such as the US, the UK and Germany during the 1980s (Barry 2004). When compared to China, Ireland was reported as having a much higher unemployment rate, reaching levels of 17% in the mid-1980s (CSO 1981-2001). This was perceived by early Chinese MNEs as offering some location advantage, as it might greatly facilitate their recruitment and selection activities, and consequently had a positive impact on their location decisions. Although reported as an insignificant factor for the location decisions of early Chinese investors, our evidence shows that labour quality, particularly the availability of specialist skilled labour, was perceived as a more important consideration in the location decisions of more recently-investing Chinese firms. This is in line with similar findings on US MNEs in Ireland, which identified labour quality as a significant positive factor contributing to the location decision (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Ferreira and Vanhoudt 2004). Arguably, the main reason for the increasing importance of labour quality for recent Chinese FDI in Ireland relates to a changing sectoral focus. As noted in Table 16, all of the early Chinese FDI in Ireland was located in the manufacturing sector, whereas more recent Chinese FDI was predominantly located in niche services sectors, especially ICT and international financial services. Generally speaking, such niche service sectors have more ‘intangible attributes’ and ‘greater dynamics’ when compared to low-value

manufacturing industries (Mohanty and Lakhe 2013). Therefore, labour quality is likely to exert a greater influence on the location decisions of the Chinese MNEs that have invested in Ireland more recently, hoping to garner competitive advantage from the ‘superior skills’ or ‘distinctive competencies’ of the Irish labour force (Day and Wensley 1988, p.2).

Labour Regulation and Industrial Relations

With respect to the impact of labour regulation and IR, again mixed evidence was found. Ireland is generally perceived in the West as having a somewhat more permissive IR regime than many of its larger EU counterparts (such as Germany), and indeed than many smaller EU countries (such as Denmark or the Netherlands) (Lavelle 2008). This is viewed by US MNEs in particular as conveying ‘comparative advantage’ on Ireland in attracting inward FDI as a result of relatively less restrictive legislative and IR system and thus a positive factor in attracting US FDI (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001). In contrast, this investigation found that labour regulation and IR were reported as having a negative impact on early-investing Chinese MNEs. During the initial phase of Chinese outward FDI into Ireland (i.e. from the early 1980s), China hugely lagged behind Ireland and other European countries with regard both to the extent and enforcement of labour regulation and to the development of its IR system. China lagged behind especially in terms of the independence of its trade unions and of the nature and scale of collective bargaining that was possible for Chinese workers (Warner and Ng 1999). As reflected in the data collected, the Irish context was characterised by greater labour regulation and trade union influence and power when compared to China, all of which were perceived as creating both extra costs and managerial challenges for early Chinese MNEs. However, when the experience of more recent Chinese FDI is compared with US FDI in Ireland, the level of divergence between the two is seen to have diminished. For Chinese MNEs investing in Ireland more recently, the regulations on general labour and employment issues were reported as having no significant impact on the location decision. This

might seem surprising at a time when, although trade-union membership has decreased in Ireland, a growing body of employment legislation has been enacted in Ireland. The lack of concern about this among executives working for MNEs pursuing FDI in Ireland may be due in part to their awareness that China itself has been enacting new labour laws (revised in 2001) and that Chinese workers are now more willing to use the legal arena (Chan 2005).

Overall, as illustrated above, the empirical findings of this study suggest that HR/IR issues are rarely ‘deal-breakers’ in decisions on the location of MNE subsidiaries. Consequently, scholars must look outside the HR/IR domain to explain the low levels of Chinese FDI in Ireland compared to US levels. On the basis of the data collected, this study suggests that the most fruitful line of inquiry in this regard is to investigate the primary investment motives of US and Chinese FDI, respectively, which has been done in the earlier part of this chapter.

Overall Discussion

In summary, the above sections document this study’s empirical findings relating to the impact of general socio-economic and HR/IR factors on Chinese MNEs in Ireland. These findings present a somewhat mixed picture. Reviewing these empirical findings in light of extant literature suggests that although the existing theories (e.g. Dunning’s eclectic paradigm) clearly help to analyse and explain Chinese FDI into Ireland, they also have some limitations in this regard.

For instance, as elaborated above, the majority of the factors investigated (including the Irish domestic market, infrastructure and logistics, culture, labour costs, labour regulation and IR-related issues) were generally perceived as causing some disadvantages rather than creating any so-called *O-L-I advantages* for Chinese MNEs that invested in Ireland at an earlier point in time. They were identified as negative factors impacting on the location decisions of early-investing Chinese MNEs. Only a minority of the factors investigated (i.e. the EU market, language, institutional support and financial grants) were found to have a positive impact on

the location decisions of early-investing Chinese MNEs. In light of existing FDI theories, the OLI theory, for example, these early-investing Chinese MNEs should not have invested in Ireland (Dunning 1993, 2000; Buckley and Casson 1976). Reflected in the data collected, the investment behaviours of early-investing Chinese MNEs in Ireland were found to be mainly driven by non-economic reasons, especially the political unrest occurring in the home region Hong Kong during the 1980s (Murphy 1991; Li 1997; Schenk 2005; Carroll 2007; Tsang 2007). As addressed in the earlier part of this chapter, these political investment motives for early Chinese FDI into Ireland are not captured within the mainstream FDI theories, indicating the limitations of the existing FDI theories (e.g. Dunning's eclectic paradigm) for analysis of Chinese FDI in Ireland at an earlier point in time.

Turning to empirical findings regarding the impact of socio-economic and HR/IR factors on recent Chinese FDI in Ireland, overall, this study found that some of the general issues investigated (i.e. Ireland's IPAs, Ireland's EU location-the EU market, business laws and regulations, language and culture) and the HR issues of labour availability and labour quality were generally reported as factors that positively contributed to the location decisions of the majority of recently-established Chinese MNEs in Ireland. These issues were generally perceived as creating some important location and/or ownership advantages for recently-established Chinese MNEs and thus were perceived as positive factors with respect to their location decisions. These empirical findings are broadly in line with similar findings on US MNEs in Ireland (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry and Bergin 2012). Furthermore, the fact that, according to our empirical findings, the above-mentioned factors (i.e. Ireland's IPAs, Ireland's EU location-the EU market, business laws and regulations, language, culture, labour quality and labour availability) had a positive impact on recent

Chinese FDI in Ireland tends to support existing FDI theories (e.g. Dunning's eclectic paradigm) as they would apply to recent Chinese FDI into Ireland.

However, in this investigation, other more general issues (i.e. corporate tax, financial grants, Irish domestic market, infrastructure and logistics) were generally reported as less significant factors for the location decisions of the majority of Chinese MNEs that invested in Ireland more recently. With respect to HR/IR issues, the Chinese MNEs that invested in Ireland more recently no longer saw the HR/IR issues of labour costs, labour regulation and IR as major disadvantages, mainly because of the narrowing wage and regulatory gaps between Ireland and China and because of Chinese headquarters' greater understanding of the nuanced differences between the two nations in relevant HR/IR aspects. These HR/IR characteristics did not create any important O-L-I advantages either, however, and consequently they were generally found to have had no significant impact on the location decisions of recently-investing Chinese MNEs. Overall, the fact that, according to our empirical findings, the above-mentioned factors (i.e. corporate tax, financial grants, Irish domestic market, infrastructure and logistics, labour costs, labour regulation and IR) had no significant impact on the location decisions of recent Chinese MNEs in Ireland indicates the limitations of existing FDI theories (e.g. Dunning's eclectic paradigm) in explaining recent Chinese FDI into Ireland (Dunning 1993, 2000).

Furthermore, in light of the available literature on US FDI in Ireland, no great differences have been observed in this work between the impact of HR/IR factors (viz. labour costs, labour quality, labour availability, labour regulation and IR) and the other more general factors considered above (viz. the institutional support from Irish IPAs, language, the EU market, business laws, culture, infrastructure and logistics) on the respective location decisions of recent US and Chinese MNEs in Ireland. But, the empirical finding that corporate tax had no important impact on most recent Chinese FDI in Ireland contrasts with the existing studies on US MNEs in Ireland, which have generally identified corporate tax as a critical factor

contributing to the location decisions of US MNEs in Ireland (Mayuya and Jacobson 1991; Gorg and Ruane 2000; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Barry & Bergin 2012). With regard to process, from the extant literature on US FDI in Ireland (or more generally), US MNEs generally engaged in and adopted a very thorough and rigorous evaluation and analysis of the economic, social, institutional, cultural and HR/IR environments of a potential host location, according to a reasonably specific set of criteria (Wheeler and Mody 1992; Gunnigle and McGuire 2001; Lavelle 2008; Quinlan 2013). In contrast, this empirical work did not find that with Chinese MNEs in Ireland. Based on the empirical data collected, Chinese MNEs in Ireland seemed somewhat less systematic in their approach to the evaluation of the same factors. This may well be due to the fact that Chinese MNEs are comparative latecomers to ‘internationalisation’ in the modern era and consequently may be disadvantaged due to their relatively lower levels of experience in evaluating foreign locations (Talor 2002; Deng 2004; Warner et al. 2004; Deng 2013; McDonnell et al. 2014). Of course, this empirical observation must be accompanied by the caveat that although reliable and representative data from a very large numbers of US MNEs in Ireland is available, there has been little empirical investigation of the small numbers of Chinese MNEs that have invested in Ireland.

6.4 Conclusion

In conclusion, this chapter explores reasons for the contrast between the limited presence of Chinese MNEs in Ireland and the high levels of US FDI in Ireland. It also explains and evaluates the empirical findings associated with the socio-economic and HR/IR factors investigated in relation to their impact on the location decisions of Chinese MNEs in Ireland. Overall, this study finds that HR/IR issues were rarely ‘deal-breakers’ in the location decisions of Chinese MNEs pursuing FDI in Ireland. With respect to the more general factors investigated, different impact was found, with a few factors generally reported as having a

positive impact on the location decisions for Chinese FDI in Ireland, whereas others generally had no major impact. More broadly, this study observes no great differences between the respective impact of HR/IR and more general factors on the location decisions of US and Chinese MNEs in Ireland. Regarding the positive empirical findings for a few more general factors (viz. Ireland's IPAs, Ireland's EU location, business laws, language and culture), this study suggests that their impact on Chinese FDI should be considered as less important when compared to the primary investment motives of Chinese MNEs in Ireland. The primary investment motives noted from the data collected include seeking more markets (e.g. in the EU, America, or other parts of the world), acquiring strategic assets (e.g. advanced technologies and brands), and some geo-political motives, all of which are reflected and discussed in this Chapter. These primary investment motives, together with the limited interest of Chinese MNEs in efficiency-seeking FDI, may offer some explanations for the limited presence of Chinese FDI in Ireland. Furthermore, this empirical study of Chinese FDI into Ireland provides support for existing FDI theories in explaining Chinese FDI into Ireland, while also highlighting some of their limitations in this regard.

CHAPTER SEVEN: CONCLUSIONS, CONTRIBUTION, LIMITATIONS, FUTURE RESEARCH AND PERSONAL DEVELOPMENT

7.1 Introduction

Building on the empirical findings presented in Chapter Five and discussed in Chapter Six, this final chapter will offer a general overview of the study as a whole and presents conclusions emanating from the empirical and theoretical work undertaken. Following this, the chapter discusses the contribution of the overall research and then outlines and explains the limitations of the research. Suggestions for future research avenues on the topics under investigation are then offered. Finally, the chapter reflects on the personal and professional growth that this study made possible for the author.

7.2 Conclusions

Through investigating the first research objective, this study found a very limited presence of Chinese MNEs that have or had established investment operations in Ireland across the time period under investigation (1982–2014). This limited presence of Chinese FDI/MNEs in Ireland is in marked contrast with Ireland’s track record in consistently attracting high levels of inward FDI from other major FDI sourcing countries, in particular from the US. The majority of Chinese MNEs investigated for the present study revealed that they adopted the strategies of seeking more markets (in particular in the EU, and also in America and other parts of the world), acquiring more strategic assets (e.g. advanced technologies and brands), and pursuing some additional, non-economic motives (including certain geo-political motives). The qualitative data collected for this study finds very little evidence of efficiency-seeking Chinese FDI in Ireland across the period of research (1982–2014). This study suggests that these primary investment motives, together with the limited interest of Chinese MNEs in efficiency-seeking FDI, may offer some explanations both for the limited volume of Chinese FDI into

Ireland compared to the US levels and for the factors impacting Chinese FDI into Ireland. Furthermore, these empirical findings regarding the primary investment motives for Chinese FDI into Ireland provide support for the existing FDI theories (e.g. Dunning's eclectic paradigm) in explaining Chinese FDI into Ireland, while also highlighting some of their limitations in this context (particularly regarding the geo-political investment motives for Chinese FDI into Ireland).

With respect to the factors investigated, the overall finding in relation to general socio-economic factors is that, along with certain political considerations, Ireland's EU membership, Ireland's potential as a point of entry to the EU market, Irish culture, Ireland's business laws, the role of the Irish IPAs, and the English-language skills of Irish workers were generally reported as having a positive impact on the location decisions for the majority of Chinese MNEs in Ireland (particularly those that located in Ireland in more recent times). These empirical findings are broadly in line with similar findings on US MNEs in Ireland. The issues of corporate tax, financial grants, Irish domestic market, infrastructure and logistics were generally reported as less significant factors for the location decisions of the majority of Chinese MNEs in Ireland, particularly those that established in Ireland more recently.

Regarding the impact of HR/IR factors on the location decisions of Chinese MNEs in Ireland, overall, this study finds that most HR/IR factors (i.e. labour costs, labour regulation, and IR) had no important impact on the location decisions of the majority of Chinese MNEs in Ireland, particularly those that set up in Ireland more recently. Only a minority of HR/IR issues (i.e. labour quality and labour availability) were found to have had an impact on the location decisions of certain Chinese MNEs that invested in Ireland more recently. Consequently, this study suggests that HR/IR issues were rarely 'deal-breakers' in the location decisions of Chinese MNEs pursuing FDI in Ireland.

More broadly, regarding the positive empirical findings for a few general socio-economic and HR/IR factors (viz. Ireland's IPAs, business laws and regulations, language, culture, labour quality and labour availability), this study suggests that their impact on Chinese FDI should be considered as less important when compared to the primary investment motives of Chinese MNEs in Ireland as outlined above. Furthermore, considering US and Chinese FDI in Ireland, this study observes no great differences between the respective impacts of HR/IR and more general factors on the location decisions of US and Chinese MNEs in Ireland (particularly those invested in Ireland more recently). The major differences observed in this regard relate to the specific political investment motives of Chinese FDI into Ireland and to the limited presence of efficiency-seeking Chinese FDI into Ireland, all of which are clearly reflected and discussed in Chapter Six.

7.3 Contribution

Theoretical and Empirical Contribution

This thesis makes a substantial conceptual and empirical contribution to the existing literature on the pertinent areas under investigation. Firstly, it contributes valuable empirical data and useful insights to the growing body of literature on Chinese FDI/MNEs (Taylor 2002; Deng 2004; Warner et al. 2004; Wu 2005; Buckley et al. 2007; Hitt et al. 2007; Peng et al. 2008; Fornes and Butt-Philip 2009; Rios-Morales and Brennan 2010; Deng 2011). This study provides support for existing FDI theories (e.g. Dunning's eclectic paradigm) in explaining Chinese FDI into Ireland, while also highlighting certain limitations in this regard (especially their limited ability to take account of the geo-political investment motives for Chinese FDI into Ireland). Secondly, it adds empirical evidence and valuable insights to previous studies of the impact of HR/IR on FDI location decisions (Cooke 1997; Gunnigle and McGuire 2001; Ham and Kleiner 2007).

By addressing the first research objective, this thesis provides valuable empirical data on the population of Chinese MNEs investing in a small developed economy in terms of their years of operation, investment sectors, employee numbers, investment methods and primary investment motives across the time-period under investigation (1982–2014). By addressing its second research objective, the study found that HR/IR considerations had a mixed impact on the location decisions of early and recent Chinese FDI into Ireland. Specifically, labour costs, labour regulation and IR were identified as factors negatively impacting on early-investing Chinese MNEs in Ireland but had no significant impact on the location decision of recent Chinese MNEs in Ireland. This is mainly attributed to the narrowing wage and regulatory gaps between Ireland and China and to Chinese headquarters' greater understanding of the nuanced HR/IR differences between the two nations. Labour quality was identified as an insignificant factor for early-investing Chinese MNEs, but was perceived as a positive factor for recently-established Chinese MNEs in Ireland, primarily due to their changing sectoral focus (from manufacturing to services). With respect to the more general considerations investigated, Ireland's EU location (i.e. the EU market), English-language skills and IPAs (i.e. IDA Ireland) were identified as positive factors contributing to the location decisions for both early and recent Chinese FDI in Ireland. Cultural differences were found to have had a negative impact on early Chinese FDI, but a positive impact on recent Chinese FDI in Ireland. This was primarily due to Chinese headquarters' better understanding of Irish culture and to their increasing awareness of certain positive attributes within Irish culture (Hitt et al. 2007; Peng et al. 2008; Rios-Morales and Brennan 2010). The issues of Ireland's domestic market, infrastructure and logistics were found to have had a negative impact on early Chinese FDI, but to have had no significant impact on recent Chinese FDI that invested in Ireland. This is mainly attributed to Chinese headquarters' better understanding of the possible markets (e.g. the EU market) that can be accessed by locating in Ireland and to a changing sectoral focus

(from manufacturing to services). The provision of financial grants by the Irish government was a positive factor for early Chinese FDI. It was reportedly an insignificant factor for recent Chinese FDI, however, primarily because the MNEs involved based themselves in cities and therefore did not qualify for financial grants from the Irish government. Furthermore, this study offers empirical evidence indicating that Ireland's tax incentive (i.e. low corporate tax) had no important impact on the location decision of early and recent Chinese FDI in Ireland, primarily because the majority of Chinese MNEs were found to have generated low revenues and/or low profits through their Irish subsidiaries (Duanmu and Guney 2009; Duanmu 2012). Finally, this study offers empirical data and evidence that highlights the critical importance of certain geo-political factors in the location decisions for early and recent Chinese FDI in Ireland. These factors included temporary political unrest in the home region of Hong Kong and the essential influence and role of China's Central Government on the FDI behaviours of Chinese MNEs (Child and Rodrigues 2005; Buckley et al. 2007; Buckley et al. 2008; Lu et al. 2011; Voss 2011).

In addition, this study contributes to existing knowledge that compares Chinese MNEs to MNEs from Western countries, particularly the US. Interestingly, the empirical findings of this study indicate that the HR/IR experience of Chinese FDI, particularly the cohort of recent Chinese FDI in Ireland, mirrors, in certain respects, that of US FDI and FDI from certain other countries (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Lavelle et al. 2009). All in all, no great differences were observed in terms of the respective impact of certain more general considerations on the location decisions of US and Chinese MNEs in Ireland (Mayuya and Jacobson 1991; Gunnigle and McGuire 2001; Barry 2004, 2007; Rios-Morales and Brennan 2007; Lavelle et al. 2009). However, differences were observed with regard to the impact of Ireland's fiscal and financial incentives (i.e., low corporate tax and provision of financial grants) on the location decision of

US and Chinese MNEs In Ireland, arguably due to their different investment motives and strategies (Gunnigle and McGuire 2001; Duanmu and Guney 2009; Barry 2011; Duanmu 2012). Furthermore, this study also highlights differences in terms of internationalisation process, with Chinese MNEs (particularly early Chinese MNEs) generally engaging in a less systematic evaluation of the economic, social, institutional, cultural and HR/IR regimes of potential foreign locations, as compared to their US counterparts (McDonnell et al. 2014).

Finally, this work sheds light on a somewhat anomalous phenomenon in international business, *vis-a-vis* the surprisingly low levels of Chinese FDI in Ireland despite Ireland's reputation as a magnet for MNE activity. Having found that HR/IR factors offer only limited explanations for this apparent anomaly, this study identifies two possible factors to explain the paucity of Chinese FDI in Ireland. The first relates to the Hong Kong 'crisis' whereby Ireland experienced an increase in FDI from China (Hong Kong), which proved transitory in that almost all of this investment dissipated as a result of the subsequent integration of Hong Kong with mainland China (Murphy 1991; Li 1997; Schenk 2005; Carroll 2007; Tsang 2007). The second more generic factor that may explain Ireland's very limited attraction for Chinese MNEs is its focus on attracting 'efficiency-seeking' FDI, whereas the historical focus of much Chinese outward FDI is either market- or resource-seeking, both criteria on which Ireland generally performs quite poorly (Deng 2004; Cooke 2012).

Practical Contribution

Aside from its conceptual and empirical contribution, the thesis also has some practical contribution and implications. Firstly, the qualitative empirical data presented, and the empirical findings generated on the topics under investigation are likely to be of particular interest to practitioners who are closely involved in promoting Chinese FDI into Ireland. The practical contribution of this thesis is evidenced by these actors' strong interest in this empirical investigation. For instance, this study provides empirical evidence for the proposition that to

attract Chinese FDI, Ireland, must emphasise all of the potential advantages it can offer. Among these advantages are its EU membership and location, its population's English-language skills, its highly qualified and skilled labour force, its sympathetic business legislation, its open and easy-going culture and its competitive investment environment as a whole.

More broadly, this study also provides some valuable information and implications for public policy-makers, particularly for Irish policy-makers and institutional actors. Notably, this study highlights the impact of geopolitical factors on the location decisions of Chinese MNEs in Ireland, for example the Hong Kong 'crisis', and more generally the central role of the state via the Chinese Communist Party in influencing the extent and nature of outward FDI from China. Furthermore, this study provides empirical evidence indicating that Ireland's current emphasis on fiscal and financial incentives (low corporate tax and the availability of financial grants) may need to be revised, because these incentives are not seen as especially attractive by the majority of Chinese MNEs.

Finally, this investigation identifies a critical issue that requires more attention from the Irish government or its institutional actors. The empirical data collected shows that Ireland is not well known as a country in China and is frequently seen as a part of the UK. For this reason, the competitive locational advantages that are frequently recognised by US MNEs are not well known to the majority of Chinese investors and companies. This study therefore highlights the urgent need for Ireland's IPAs (especially IDA Ireland) to intensify its marketing efforts in China, so as to increase Chinese companies' awareness of Ireland, and of Ireland's advantages as a location for FDI activities (Mayuya and Jacobson 1991). Meanwhile, the empirical findings of this study suggest the need for Ireland to develop a more suitable and tailor-made strategy and/or incentives for attracting FDI from Chinese MNEs at the national level (Mayuya and Jacobson 1991).

7.4 Limitations

The present piece of research, like any other research, has a number of limitations that should be acknowledged.

Firstly, although this study represents an original investigation of the location decisions of Chinese firms investing in a small but highly globalised Western economy (Ireland), the low level of investment by Chinese firms in Ireland greatly limited our capacity to conduct a representative study and rather led us to adopt a qualitative approach. Consequently, this study has limitations in its capacity to offer definitive and/or generalisable results on the topics under investigation. Accordingly, the study should be seen as one that identifies avenues for further exploration in the context of countries with a larger Chinese MNE presence.

Furthermore, the sample of Chinese MNEs investigated and the number of in-depth interviews conducted with managerial/executive respondents from relevant Chinese MNEs is relatively limited (involving only eight relevant MNEs in Ireland and 16 critical interviews with MNE respondents). This is mainly due to the common problem of accessing Chinese MNEs, a critical challenge identified in previous studies on Chinese MNEs (Cooke 2012; Cooke and Lin 2012).

Finally, whilst the adoption of a qualitative approach had a positive impact on the response rate among MNEs and yielded highly valuable insights and data on the main research topics (Ferner et al. 2005), it also incurs the risk that respondents will focus on providing answers that present their organisations in a positive manner (Garavan 2001).

To compensate for and minimise the impact of these limitations, which mainly related to the adoption of a qualitative research approach in this study, significant effort was given to ensure that ‘the most knowledgeable and authoritative respondent’ was always used across the whole interviewing process (Wright et al. 2001; Edwards et al. 2013). Arguably, the adoption of such high-level criteria in selecting interviewees greatly advanced the quality and suitability of every

respondent and consequently improved the validity and quality of the data collected. With respect to the risk that respondents might offer untrue or distorted answers, this study has extended its interviewing scope to cover both MNE respondents and other key informants who are independent from MNEs, including senior executive and managerial personnel from IPAs and other relevant bodies who are knowledgeable on FDI and/or Chinese FDI, and research scholars in the field of FDI. Some valuable independent opinions and perspectives were collected from the in-depth interviews with these expert informants, which helped to counterbalance and contextualise the opinions and perspectives gained from the MNE respondents. Consequently, a more fully-rounded and objective perspective was acquired on each of the topics under investigation in this study.

7.5 Recommendations for Future Research

This thesis will now identify some potential avenues for future research.

Due to the small presence of Chinese MNEs in Ireland, more comprehensive empirical inquiries into the research topics addressed in this study will be needed. The most obvious inquiries needed are comprehensive empirical investigations of countries with a larger Chinese MNE presence. Also needed are more structured comparative studies, ideally ones that compare the Irish case with other small-to-medium developed economies in which Chinese firms have invested. These more comprehensive empirical investigations and more structured comparisons would establish whether this study's findings are replicated elsewhere, or whether they are possibly 'outliers' with respect to their HR/IR experiences and their investment motives and strategies. These two research recommendations are strongly in line with previous scholarly inquiry on Chinese FDI/MNEs, which usually emphasis the need for further empirical investigations and structured comparative studies (Barney and Zhang 2009; Child 2009; Cooke and Lin 2012; Deng 2013).

Future researchers might also usefully conduct more empirical studies that compare the HR/IR and internationalisation experience of Chinese MNEs with those of other emerging economies so as to find out how their HR/IR experiences and internationalisation motives and strategies resemble or differ from those of other emerging economies. In the existing literature, significant evidence indicates that FDI from major emerging economies (such as China and India) will expand further as these economies aspire to become significant regional and global players in their respective industries (Jormanainen and Koveshnikov 2012; UNCTAD 2014). Previous studies on outward FDI from emerging economies are mostly locally focused and context-specific, however, while only a limited number of comprehensively structured comparative studies have been undertaken. Moreover, these comparative studies have focused mainly on Chinese and Indian outward FDI and are mostly descriptive. Given the strategic linkages between China and other emerging markets, more comprehensive and structured comparative studies are urgently required (Marinova et al. 2012; Deng 2013). Moreover, comparisons of Chinese FDI/MNEs with FDI/MNEs from developed countries like South Korea and Japan are also needed, given the fact that their HR/IR experiences and investment strategies and motives have been shaped by many common institutional settings and strategic factors. These include home institutional constraints, enabling government policies and latecomer status (Deng 2013).

Finally, future research on Chinese FDI/MNEs could benefit by incorporating more geo-political issues/factors. By empirically investigating Chinese MNEs investing in Ireland, this thesis demonstrates and offers empirical evidence for the importance of geo-political factors/issues in the location decisions regarding Chinese FDI. In particular, the role and influence of the Chinese Central Government is identified as a significant influence on the FDI behaviours of Chinese MNEs. This research recommendation is broadly in line with the majority of previous studies on Chinese FDI/MNEs. In the existing literature, the Chinese

Central Government is often viewed both as ‘a strategic entrepreneur’ that recognised FDI opportunities in its environment and as ‘an institutional entrepreneur’ that creates the institutions required to capitalise on those FDI opportunities (Deng 2004; Buckley et al. 2007). Although there is a growing body of scholarly inquiry on Chinese FDI/MNEs, many questions about the roles and influence of the Chinese Central Government have not yet been extensively or thoroughly addressed (Deng 2013). Therefore, this thesis suggests that further research on Chinese outward FDI/MNEs should be carried out, and that this research should integrate the predominant economic and IB theories (e.g. Dunning’s OLI paradigm, the internalisation theory, etc.) with rich insights from other theoretical perspectives, particularly those of institutional theory and political economy (Buckley et al. 2008; Cooke and Lin 2012; Deng 2013). This in turn will greatly enhance existing knowledge and understanding of the complexities associated with state-directed outward FDI in general, and the complicated interplays between Chinese firms and their institutional settings in particular.

7.6 Personal Learning and Development

The journey involved in pursuing a PhD study is unique for each candidate. Many of those who have completed that journey agree that it offers vast opportunities for the PhD candidate to develop personally and professionally, since it requires enormous patience and perseverance. In these final paragraphs, I will briefly reflect on what this PhD journey has entailed in my case. In particular, I will highlight the challenges and opportunities that I have encountered as a student, researcher and author through this PhD journey. I will also reflect on the specific skills I have acquired in the process, which now form an important part of my overall academic competence. My hope is that this may provide some support and encouragement for future researchers.

Conceptual Development

The first personal learning outcome to be addressed relates to my improved ability to identify and develop a suitable conceptual framework for academic research. As with any PhD or academic study of this nature, one critical task is to identify and develop a suitable theoretical framework for one's PhD research. This initial phase not only entails the development of the research aims, research questions and literature review, but also the elaboration of a conceptual framework that can fundamentally support and unify the overall research. This study first required a review of the existing literature on the pertinent areas of the Irish experience of attracting inward FDI, the growing outward FDI from China and the FDI experience of Chinese MNEs in other jurisdictions and geographies. In this context, the rationale for selecting Ireland as the host country and China as the home country was developed and explained. The gaps in the existing literature were also identified. Following this, a review of previous scholarly inquiry on the mainstream FDI theories and the impact of HR/IR considerations on FDI location decision was conducted. This enabled me to develop the theoretical foundations that would support my investigation of Chinese FDI in Ireland, with particular focus on exploring the impact of HR/IR considerations. In so doing, a strong and suitable conceptual framework underpinning the identified research objectives was developed and elaborated.

The Challenge of Profiling the Population of Chinese MNEs

The second personal learning outcome to be addressed relates to my enhanced ability to effectively address the empirical challenges that I encountered while profiling the population of Chinese MNEs investing in Ireland. As already illustrated in the methodological chapter, an initial task involved in the research process was to identify and profile a population list of Chinese MNEs investing in Ireland. The listing of Chinese MNEs investing in Ireland proved particularly challenging and required a vast amount of time and effort from the researcher. The main questions encountered at this stage included how to identify and access relevant sources;

and how to accurately evaluate the comprehensiveness, validity and accuracy of the information and data provided by the available sources. My experience of dealing with such empirical challenges suggests that, before executing and engaging in empirical-data collection, future researchers should invest significant time and effort in the necessary preliminary tasks of generating a comprehensive and accurate database and clearly identifying their research boundaries (in terms of scope, key respondents and intended audience).

The Challenge of Conducting Interviews

The third key learning outcome gained from this PhD programme relates to my improved ability to formally conduct and direct an interview during the empirical phase of data collection. While interviews were being conducted, there was often considerable deviation from the semi-structured interview guidance that interviewees had been given. When they were answering the specific research questions asked, interviewees were often eager to also share their insights into more general issues relating to China and FDI. These include: the roles and relevance of China or Chinese FDI/MNEs into Ireland; Ireland's strategies of, approaches to and performance in the promotion of Chinese FDI/MNEs into Ireland; and the specific difficulties and challenges involved in the fields. In such situations, it was critical for the researcher to control these personal anecdotes and balance them with the useful information and data that were required to address and answer the research questions. My experience of handling these interview-management issues clearly demonstrates the essential need for researchers to be familiar with every aspect of the research instrument adopted and with all research topics in an attempt to be able to manage the interview as closely as possible while also fully engaging with the respondent.

Data Analysis

The analysis of empirical data represents both a significant challenge and an enlightening learning experience. As I explained in Chapter Four, I had to put a great deal of time and effort

into the task of acquiring the necessary knowledge and skills that would enable me to gather, understand and analyse large quantities of empirical qualitative data. I attended a number of methodological training programmes to enhance my knowledge of the qualitative research methodology that I adopted for this study. These programmes included postgraduate lectures on Research Methodologies that were provided by the Kemmy Business School, two intensive workshops on the use of *Nvivo*© to analyse qualitative data and two short sessions on *Working with Long Documents*, organised by the Graduate Centre for Research (See Chapter Four for more information). These training programmes provided me with opportunities to return to the classroom and engage with other research students in the tasks of applying and testing the selected tools. The programmes also provided great opportunities for me to engage with and learn from leading research scholars both within my own field and beyond. These opportunities to engage with fellow research students and leading scholars have greatly advanced not only my qualitative-data skills, but also my capacity to discuss and verify my research findings.

In addition, the process of transcribing the qualitative data was a comprehensive, lengthy and, at times, arduous activity. In contrast to the analysis of quantitative data, the analysis of qualitative data requires greater effort from the researcher in terms of transcribing the interviews verbatim, carefully reading the interview transcripts and identifying and codifying themes. In retrospect, however, I believe that the process of manually transcribing the audio qualitative interviews greatly enhanced my knowledge of and familiarity with the interview data, which in turn significantly facilitated the subsequent analysis of the empirical data in terms of identifying and generating the key themes, issues and useful insights from all interviews.

Teamwork

PhD studies are frequently recognized as a lonely journey in which candidates work mostly on their own. But this has not been my experience. Throughout my PhD journey, my two

supervisors have met me regularly and have provided me with valuable advice and guidance as well as social support. The experience of having two such established and esteemed research scholars as supervisors for my PhD has given me the opportunity to develop the teamwork skills that now form an important part of my academic armoury. One specific example of working as part of a research team was the experience of collaborating with my two supervisors on a journal paper that was accepted in April 2017 for publication in the *European Journal of International Management* (peer-reviewed journal, see Appendix G). While it was my first research paper and my first attempt to collaborate with experienced research scholars for publication, this experience greatly advanced my knowledge of the research-publication process. In addition, it offered an excellent opportunity for me to work as part of a proactive and progressive research team and consequently it significantly advanced my teamwork capability and skills that needed for my future academic career. The fact that I am the first author of the accepted journal paper has provided me with organisational skills and the ability to take responsibility for leading and shaping a paper for publication. Finally, this collaborative experience also highlighted the critical importance of open communication, clear instructions, realistic timelines and effective feedback within any context that entails collaborative research.

Publication Skills

When I was first invited in June 2015 to produce a research paper for publication, I quickly familiarised myself with the publication process. During my PhD studies, I have prepared research papers for possible publication in different academic journals. As mentioned above, one of these has been accepted for publication by the *European Journal of International Management* (see Appendix G). As a result of this experience, I have developed and acquired a considerable amount of knowledge on the different aspects of the publication process. I have become aware of the importance of time frames, of how to meet specific formatting criteria, of how to communicate effectively with the editors of the journals, of how to handle revision and

resubmission and, especially, how to satisfactorily engage with and respond to comments made by the peer-referees that usually require a point-by-point reply. On the basis of this experience, I have also developed a strong interest in research publication and formed specific publication plans for the future. I intend to develop articles on human resource management and international management over the coming years.

Conference and Forum Participation

An important component of my PhD relates to participation in academic conferences and China–Ireland related symposiums and forums. Over the course of this PhD study, I have presented my research to distinguished audiences at the *2012 International Federation of Scholarly Association of Management* and at the *17th Annual Irish Academy of Management Conference* (2014). This experience has not only provided me with valuable feedback on my PhD, but has also inspired me to develop research papers for publication and offered the opportunity for me to be more involved within the academic community.

While working on my PhD, I have been actively involved in a series of events, symposiums and forums relating to the China–Ireland relationship. Among the symposiums and forums I attended are the ‘China–Ireland Relations Inaugural Conference’, NUI Galway, March 2012; ‘Rising China in the Changing World Economy’, Dublin, April 2012; the ‘Salthill-China Day’, Galway, June 2012; ‘China’s Energy Development in the Era of Global Engagement’, Dublin, April 2016; the ‘China-Ireland Financial Form’, Dublin, September 2016; the ‘Growing China–Ireland Relations through Innovation,’ Dublin, February 2017; and the ‘China (Shenzhen) – Ireland (Dublin) Economy and Trade Cooperation Conference’, Dublin, June 2017. Participation in these diverse events substantially advanced my networking skills and helped to keep me up-to-date in the fields under investigation. It also fostered valuable professional and personal relationships that are likely to benefit my future career.

Academic Job Application

The final learning outcome relates to my applications for academic job positions. Over the course of my PhD study, I applied for several academic roles, including tutoring and lecturing roles in Irish universities and colleges. In early April of 2014, for example, I applied for a lectureship in ‘Organisation and Management’. The interview and evaluation process took place in the host college. I was asked to talk about my educational qualifications, my academic competence, the nature and contribution of my PhD research, and my previous experience of lecturing, tutoring and research. I was also asked to demonstrate my suitability for the role by lecturing on a relevant topic. Although this was quite challenging at the time, it has proven greatly beneficial in the longer term. It significantly improved my ability to deal with interview questions and gave me the confidence one needs to defend one's work. Eventually, I was offered the post, which I have held since December 2014. Together with my applications for other academic job vacancies, this experience has allowed me to hone my presentation, interviewing and lecturing skills, while also enhancing my personal and professional confidence.

7.7 Conclusion

In this last chapter, the conclusions that emanating from this empirical study were presented. The significance of this PhD work has been illustrated under two different headings: (i) theoretical and empirical contribution and (ii) practical contribution. Having addressed the limitations of this research, the chapter then outlined some potential avenues for future research. Finally, the chapter provided a comprehensive reflection on what the author has learned — both personally and professionally — while working on this PhD study. This includes enhanced capabilities and skills in conceptual development, handling empirical challenges, team working, research publication, conference and forum participation and academic job application. In so

doing, the chapter clearly demonstrates the fundamental principles and issues of this PhD work as well as the considerable personal learning and development achieved.

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APPENDICES

Appendix A: Variables and Sources Used in Cooke and Noble's Model

Variable	Definition and Source
Years education	Mean years of schooling by country, 1992 (United Nations 1994).
Hourly compensation cost	1992 average hourly wage and benefit costs for production workers, by country (Euromoney, 1993, 1994).
ILO conventions	Number of ILO Conventions ratified by country (ILO 1995).
Works councils	Refers to whether a country requires works councils (Various sources).
Layoff restriction	Refers to whether a country requires employers to notify the government labour office and consult/negotiate with unions or works councils about pending layoffs (Various sources).
% Union	Percentage of all employed wage and salary earners who are union members by country (Various sources).
Central negotiation	Refers to whether or not parties generally negotiate contracts beyond company-wide level (Various sources).
GNP	1991 gross national product (Euromoney 1993)
GDP per capita	1991 gross domestic product per capita (Euromoney 1993)
Affiliate tax	Percentage of total affiliate income paid as income tax by country (US Department of Commerce 1995)
Exchange rate trend	$(1993 \text{ exchange rate} - 1989 \text{ exchange rate} / 1989 \text{ exchange rate}) \times 100$ (World Bank 1995)
Favour FDI regulations	Refers to whether Euromoney score on favourableness of FDI regulations (Euromoney 1993)
FDI incentives	Refers to whether Euromoney score on FDI incentives (Euromoney 1993)
Political risk	1993 Euromoney political risk score (Euromoney 1993)
English language	Refers to whether the host location is an English-speaking country, notably Australia, Canada, Ireland, New Zealand and UK
Industry	A set of 0-1 dummy variables for eight industries; machinery, except electrical, is omitted as a benchmark category (US Department of Commerce 1995)

[Source: Table adapted from Cooke and Noble 1998, p. 583.]

Appendix B: Variables and Sources Used in Ham and Kleiner's Model

Variables		Description	Sources
FDI		Investing country's FDI outflows divided by its GDP (i.e. from investing nation to destination country)	Source OECD
Industrial relations system	Labour law index	Employment law index (1-5)	Botero et al. (2004)
	Union density	Union density if available; otherwise union coverage was used (1-5)	Golden and Wallerstein (1998)
	Bargaining level	National or sectoral level bargaining (1-5)	Traxler and Kittel (2000)
	Bargaining Centralization	Degree of centralized bargaining	Calmfors and Driffill (1988)
	Worker representation	Workers' voice in the workplace (1-5)	Kleiner and Ay (1996)
	Industrial relations system	1 if they have similar IR system; otherwise 0	
		<i>Capital Market Factors</i>	
Interest rate differences		Yearly, long-term interest rate differences between countries	Source OECD
Tax rate (exports-imports)		Effective transnational tax rate	OECD (1991)
		<i>Labour Market Factors</i>	
Employee compensation differences		Yearly compensation difference	Source OECD
Unemployment rate		Yearly unemployment rate	Source OECD
High school graduation rate		High-school graduation rates for country	NCES
		<i>Product market factors</i>	
GDP per capita		Yearly per capita GDP, lagged 2 years	Source OECD
Import percent of GDP		Host country's import as the portion of the host country's GDP, lagged 2 years	Source OECD
		Other factors	

Language complementarities	1 if they use same language; otherwise 0	
Distance between countries	Direct-line distances between countries	Fitzpatrick and Modlin (1986)

[Source: table adapted from Ham and Kleiner, 2007, p. 313]

Appendix C: Interview Guide for Chinese Multinational Enterprises

1) **Introduction & Explanation of Research Aim & Objectives**

- Explanation of Research Aim & Objectives
- Respondent job title(s), responsibilities & work experience in the Chinese MNE

2) **Background on the Chinese MNE**

- Company History/Development
- Initial reason(s) for locating in Ireland
- Consideration of other locations in Europe/beyond?
- Information on the Irish operation(s): employment size, year of establishment, investing method(s), investing sector(s), primary products/services, markets, etc.
- Role/importance of the Irish subsidiary in regard to the Corporation at large

3) **Factors influencing the Chinese MNE's location decision**

- Positive factors (un-prompted)
- Negative factors (un-prompted)
- Ireland's overall attraction (Issues such as:
 - General economic and business factors
 - Tax regime: e.g. Ireland's corporate tax, Double taxation agreements or other tax incentives
 - Provision of financial grants and facilitation: e.g. for training and property leasing
 - Logistics and infrastructure in Ireland
 - National economy and market
 - EU membership
 - Eurozone membership
 - Track record in attracting FDI (particularly from USA)
 - Presence of world-leading MNEs
 - Institutional factors
 - Support or influence from the Chinese government
 - Logistical support and facilitation from Irish institutions or agencies (e.g. *IDA Ireland/Enterprise Ireland*)
 - Ireland's overall institutional framework and governance approach to FDI
 - Protection of Intellectual Property in Ireland
 - Immigration Policy
 - Inter-government relations: China and Ireland
 - Recent high-level governmental visits between China and Ireland (e.g. bilateral agreements & memorandums of understanding)
 - Others
 - Cultural factors
 - English Speaking
 - Cultural issues: e.g. life-style characteristics and standards; work ethos and practices; management styles, etc.)
 - Other cultural issues

- Educational factors
 - General education standards (emphasis on secondary & tertiary level)
 - Quality
 - Related issues
- Geographical or natural environment factors
 - Geographic location in the global context
 - Quality of natural environment in Ireland (e.g. environmental regulation; pollution; other)
- Organizational concerns
 - Current development/internationalization stage of the Chinese MNE
 - ‘Organizational capabilities’ of Chinese MNE: e.g. skills and experiences of managing overseas operations
- Other factors
 - Ireland’s national recognition/Identification in China
 - Competitiveness issues

4) Impact of HR/IR issues on the location decision Chinese MNE’s decision in Ireland

- Initial exploration: Were HRM/labour issues a major consideration for this Chinese MNE?
- HRM/IR factors positively impacting on the choice of Ireland as an FDI location (if any)
- HRM/IR factors negatively impacting on the choice of Ireland as an FDI location (if any)
 - (Explore specific issues such as:
 - Labour costs
 - Labour regulation
 - Industrial relations/trade unions
 - Labour quality
 - Labour availability/supply
 - Labour flexibility and adaptability
 - Labour productivity and efficiency
 - Other HR/IR issues

5) HRM in Irish subsidiary

- Employment status:
 - employment size, employee nationalities, positions provided (especially profile of senior positions)
- Existence, role(s) and size of HR department
- Perceived importance and effectiveness of the HR function
- Key HRM practices and activities adopted
- HRM-related challenges or problems
- Communication/interaction between Irish subsidiary and Chinese HQ

6) Concluding comments/views

- on Chinese MNEs in Ireland
- impact of HR/IR Factors

- Other factors
- Suggested further contacts

Appendix D: Interview Guide for Individual Expert Informants

1) Introduction & Explanation of Research Aim & Objectives

- Explanation of research aim and objectives
- Respondent's job title and general responsibilities
- Respondent's specific involvement in and/or relevance to the field of Chinese MNEs investing in Ireland
- The general role(s) and responsibilities of the institution/organization that the respondent represents in regard to Chinese MNEs investing in Ireland

2) General picture of Chinese FDI/MNEs in Ireland

- The role/importance of Chinese FDI to Ireland
- Ireland's approaches/strategies for attracting Chinese MNEs
- Ireland's to-date performance in attracting Chinese FDI
- Key Challenges faced by Ireland in attracting Chinese FDI/MNEs

3) Current population of Chinese MNEs investing in Ireland

- Company names, employment numbers and investing sizes
- The most important Chinese MNEs in Ireland --- (by saying important with respect to magnitude of the financial investment & employment size)
- Primary investing reasons & motivations --- 1) Market seeking; 2) efficiency seeking; 3) technology seeking; 4) other strategic assets seeking (e.g. management skills, brands, etc); 5) natural resources seeking; 6) or others
- Primary investing methods --- 1) greenfield site; 2) acquisition or merger; 3) joint-venture; 4) partnership; 5) or others
- Primary investing sectors: e.g. ICT; Finance; Farm/Agriculture; Food processing; Bio Pharmaceutical; Chemical and Chemicals; Life-science; Renewable energy, etc.

4) Factors influencing the Chinese MNE's location decision

- Positive factors (un-prompted)
- Negative factors (un-prompted)
- Ireland's overall attraction (Issues such as:
 - General economic and business factors
 - Tax regime: e.g. Ireland's corporate tax, Double taxation agreements or other tax incentives
 - Provision of financial grants and facilitation: e.g. for training and property leasing
 - Logistics and infrastructure in Ireland
 - National economy and market
 - EU membership
 - Eurozone membership
 - Track record in attracting FDI (particularly from USA)
 - Presence of world-leading MNEs
 - Institutional factors
 - Support or influence from the Chinese government

- Logistical support and facilitation from Irish institutions or agencies (e.g. *IDA Ireland/Enterprise Ireland*)
 - Ireland’s overall institutional framework and governance approach to FDI
 - Protection of Intellectual Property in Ireland
 - Immigration Policy
 - Inter-government relations: China and Ireland
 - Recent high-level governmental visits between China and Ireland (e.g. bilateral agreements & memorandums of understanding)
 - Others
- Cultural factors
 - English Speaking
 - Cultural issues: e.g. life-style characteristics and standards; work ethos and practices; management styles, etc.)
 - Other cultural issues
- Educational factors
 - General education standards (emphasis on secondary & tertiary level)
 - Quality
 - Related issues
- Geographical or natural environment factors
 - Geographic location in the global context
 - Quality of natural environment in Ireland (e.g. environmental regulation; pollution; other)
- Organizational concerns
 - Current development/internationalization stage of the Chinese MNE
 - ‘Organizational capabilities’ of Chinese MNE: e.g. skills and experiences of managing overseas operations
- Other factors
 - Ireland’s national recognition/Identification in China
 - Competitiveness issues

5) Impact of HR/IR issues on the location decision Chinese MNE’s decision in Ireland

- Initial exploration: Were HRM/labour issues a major consideration for this Chinese MNE?
- HRM/IR factors positively impacting on the choice of Ireland as an FDI location (if any)
- HRM/IR factors negatively impacting on the choice of Ireland as an FDI location (if any)

(Explore specific issues such as:

- Labour costs
- Labour regulation
- Industrial relations/trade unions
- Labour quality
- Labour availability/supply

- Labour flexibility and adaptability
- Labour productivity and efficiency
- Other HR/IR issues

6) Concluding comments/views

- on Chinese MNEs in Ireland
- impact of HR/IR Factors
- Other factors
- Suggested further contacts

Appendix E: University of Limerick Ethics Approval



UNIVERSITY of LIMERICK

O L L S C O I L L U I M I N I G H

**Kemmy Business School Research Ethics Committee
Application Form**

**The completion of this form is only necessary where the proposed research involves
working with human subjects.³³**

Faculty and PhD Research Students (please note that your answers must be typed)

Name: YANYI WANG

E-mail Address: yanyi.wang@ul.ie

Date: 11th May 2016

Title of Project (please do not use acronyms):

³³ Examples of research involving human subjects include (but are not limited to): carrying out interviews; conducting a survey; distributing a questionnaire; using focus groups; and the observation of individuals or groups.

‘Investigating the factors impacting on the location decision of Chinese multinational enterprises in Ireland: with particular reference to the impact of human resource management and industrial relations considerations’

Names of other researchers involved:

Professor Patrick Gunnigle and Dr. Jonathan Lavelle

PART A

Research Purpose: **(50-100 words)**

While China has emerged as a very significant source of outward foreign direct investment (FDI) in the world, there is demonstrably little penetration of Chinese outward FDI in one of the world’s most globalized countries (Ireland). Our PhD study is aimed to address this conundrum by focusing on three research objectives:

- 1) To profile the population of Chinese multinational enterprises in Ireland;
- 2) To investigate the factors impacting on the location decision of Chinese multinational enterprises in Ireland;
- 3) To explore the impact of human resource management and industrial relations considerations on the location decision of Chinese multinational enterprises in Ireland

Research Methodology: **(100-150 words)**

For the first research objective, it is proposed to adopt a quantitative analysis of secondary data from a wide range of sources, mainly including *United Nations Conference on Trade and Development*, *Organization for Economic Co-operation and Development*, the *Ministry of Commerce of People’s Republic of China*, IDA Ireland, Enterprise Ireland, the Chinese Embassy in Ireland, related commercial chambers and associations (e.g. *Huaxia Chamber of Commerce*, *Association of Chinese Professionals in Ireland*, *Ireland-China Business Network and Ireland-China Business Association*) and some popular media (e.g. the *Irish Times* archive).

For the second and third research objectives, a primarily qualitative methodology involving semi-structured interviews is proposed. The semi-structured interview format is frequently used in management studies. In addition, it is viewed as particularly appropriate for identifying and evaluating the reasons for organisational decision making, hence it allows for the collection and analysis of highly valuable insights and data on the main research topics.

1. Human Subjects

Does the research proposal involve:

- | | | | |
|-----|--|------------------------------|--|
| (a) | Any person under the age of 18? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (b) | Adult patients? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (c) | Adults with psychological impairments? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (d) | Adults with learning difficulties? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (e) | Adults under the protection/control/influence of others
(e.g., in care/ in prison)? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (f) | Relatives of ill people (e.g., parents of sick children)? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (g) | People who may only have a basic knowledge
of English? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

2. Subject Matter

Does the research proposal involve:

- | | | | |
|-----|---|------------------------------|--|
| (a) | Sensitive personal issues? (e.g., suicide, bereavement,
gender identity, sexuality, fertility, abortion,
gambling)? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (b) | Illegal activities, illicit drug taking, substance abuse
or the self reporting of criminal behaviour? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (c) | Any act that might diminish self-respect or cause
shame, embarrassment or regret? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (d) | Research into politically and/or racially/ethically
sensitive areas? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

3. Procedures

Does the proposal involve:

- (a) Use of personal or company records without consent? Yes No
- (b) Deception of participants? Yes No
- (c) The offer of disproportionately large inducements to participate? Yes No
- (d) Audio or visual recording without consent? Yes No
- (e) Invasive physical interventions or treatments? Yes No
- (f) Research which might put researchers or participants at risk? Yes No

4. (a) Who will your informants be?

The interview informants mainly include managerial personnel employed in relevant Chinese multinational enterprises and other key stakeholders (e.g. policy makers, personnel from industrial promotions agencies and other relevant bodies, and individual expert informants) with the purpose of acquiring a fully rounded perspective on topics under investigation.

- (b) Do you have a **pre-existing relationship** with the informants and, if so, what is the nature of that relationship?

No, the main researcher does not have any pre-existing relationship with the informants in this study.

- (c) How do you plan to gain **access to /contact/approach** potential informants?

There are three main methods identified in terms of gaining access to potential informants. Firstly, we start by contacting the major industrial promotion agencies in Ireland (such as IDA Ireland and Enterprise Ireland) and the Chinese Embassy in Dublin, asking them to introduce other potential contacts involved in the area, including contacts to the relevant Chinese multinational enterprises. Secondly, accessing the Chinese networks in Ireland is also regarded as an important method. Thirdly, participating in the relevant China-Ireland commercial events and programs also represents a useful method to identify and gain potential contacts for the research.

- (d) What arrangements have you made for **anonymity and confidentiality**?

On this issue, firstly, the protection of confidentiality and privacy of the informants is clearly addressed as a very significant part of the written research introduction that will be sent out to every potential informant in advance of conducting the interview. In the written research introduction prepared, it is assured that no individuals or organizations will be identified in either future published papers nor in the final PhD thesis. If required by participating organizations or individuals, official assurance document of protecting confidentiality and privacy can be prepared. Meanwhile, the main researcher will always personally confirm the assurance of protecting the informant's confidentiality and privacy before conducting each interview.

(e) What, if any, is the **particular vulnerability of your informants**?

No, there is no particular vulnerability of informants in this study.

(f) What arrangements are in place to ensure that informants know the **purpose of the research** and what they are going to inform about?

On this regard, firstly, a formal written research introduction is prepared that clearly explains the research purpose, the methodology employed, the expects from the potential informants, and so on and this written research introduction will be sent out to every informant before conducting the interview. Secondly, a summary of all discussion topics/questions are also outlined and sent out to every informant in advance of conducting the interview. Finally, the main researcher will always start by a brief introduction of the research at the beginning of each interview so as to ensure that every informant is fully aware of our research purposes, what expected from them and their rights of participating or withdrawing at any time.

(g) How will you ensure that informants are aware of their **right to refuse** to participate or **withdraw** at any time?

On this issue, we have three relevant arrangements. Firstly, at the initial time of contacting each potential informant, we will clearly tell the informant that he/she has the right and freedom to participate or withdraw at any stage of the research. We only continue with informants who agree to participate in the research. Secondly, during the subsequent stage of setting up interview time, we will also repeat that the informant has right/freedom to participate or withdraw at any time. Finally, right before conducting the interview, the main researcher will again tell every informant that he or she has the right/freedom to continue participating or withdraw at any time.

(h) How would you handle any unforeseen **safety issues** should they arise?

There is no personal safety issue involved in this study.

(i) How do you propose to **store the information**?

All interviews are proposed to be audio recorded with the consent of the informants. All interview information will be stored in a very secure place, i.e. in the main researcher's own PC on password protected files, and is assured to be kept for up to seven years after collection.

If you have answered **YES** to any of the questions in **PART A, sections 1-3**, you will also need to **comply with** the requirements of **PART B** of this form.

If you have answered **NO** to all of the questions in **PART A, sections 1-3** above, please **ignore PART B** of the form.

You should return **8 hard copies** of this form to Michelle Cunningham, Administrator, S2-07, Schuman Building, University of Limerick. This form must be submitted before the research begins.

Signature of principle investigator: _____ Date: _____

Supervisor Signature

(where relevant): _____ Date: _____

Insurance Cover

Insurance cover is required for all research carried out by UL employees. Principal Investigators/Supervisors should carefully view the University's 'Insurance Guidelines for Researchers' document and the University's Insurance cover to ascertain if their proposed research is covered. These documents are available at <http://www.ul.ie/insurance>.

Where any query arises about whether or not proposed research is covered by insurance, the Principal Investigator/Supervisor must contact the University's Insurance Administrator at insurance@ul.ie to confirm that the required level of insurance cover is in place.

Please indicate by way of signature that the research project is covered by UL's insurance policies:

PI/Supervisor signature: _____

Ethics Approval




Fri 20/05/2016 11:59

Michelle.Cunningham

KBSREC - May 2016 - PhD Application - Yanyi Wang

To Yanyi.Wang

Cc Patrick.Gunnigle; Jonathan.Lavelle

 You replied to this message on 20/05/2016 12:02.

Dear Yanyi,

Many thanks for your research ethics application which was reviewed by the KBS Research Ethics Committee on 17th May 2016. I am pleased to inform you, that your application has been given research ethics approval.

Kind regards.

Michelle

Michelle Cunningham
KBS Research Office
Kemmy Business School
University of Limerick
Limerick
Ph: 353 61 202627 - Room KB2-14
Email: michelle.cunningham@ul.ie

Appendix F: Additional Qualitative Quotes

RESEARCH OBJECTIVE 2—SOCIO-ECONOMIC AND POLITICAL FACTORS

Market:

‘Also being a gateway to Europe. There are Chinese business personal industrialists. They have to fly all the way [around] Europe to get the gateway. That seems not clever. You assume that the gateway is the closest point between China and Europe, in which cases, it’s Bulgaria, or Turkey, or Hungary, or the Chill of Republic, not Ireland. So in order to get around that kind of perception, we position Ireland now as a gateway to the US and the Europe for Chinese MNEs. And then because of the cluster of multinationals here, these potential market access for Chinese companies into US MNEs in Ireland, depending on the market that they are in, so they do not need to build the sales in the Europe [or the US].’

Senior Executive, Ireland’s Industrial Promotion Agency

‘I know a few Chinese companies. when they consider investing in Europe, they look at Ireland, Germany, and UK. The first place they go to is Germany. They have done that. I explained to them what Ireland can offer, but that has no meaning to them. I mentioned the Chinese companies or banks that already in Ireland, but that means nothing to them. Ireland has a very small market to Chinese companies.’

CEO, Board Member of Irish Chinese Commercial Chamber,
and Executive Consultant of Chinese Investment in Europe

‘In terms of geographic location, the Irish advantage used to be that Ireland was the link between Europe and America... In the old days, if you travelled by ship, you had to stop before you could arrive at the Atlantic... Flying used to be re-fuel(ed) [in Ireland] ... Ireland used to be a link between America and Europe... And that was important consideration for the company.’

Managing Director, Company B

‘[Regarding the impact of the market] it’s very hard to tell. Five or six years ago, I went to a UK conference and I saw there were over almost hundreds of Chinese companies in the UK at that time. But it’s probably just three or four [Chinese companies] in Ireland [at that time]

... I am not quite sure [of the reasons], but perhaps it's just [because of] the market... I think that's really perhaps because the UK market is bigger than the Irish market.'

Managing director, Company L

'Well, [Company O] has a lot of branches outside of China, like in London, Paris, Brucella, New York, Toronto, Maocao, Hong Kong, Singapore, and other places. And in Ireland, we have our international leasing here, and till now, Ireland is one of the most important subsidiaries outside of China for our company. Till now, we did not set up another aircraft leasing entity yet, but we acquired a bank in Thailand, one of the subsidiary of the Thailand Bank, now planning for core leasing business in Thailand. So we are growing, but Ireland is [a] quite nice place. So the Thailand business is mainly for the local country, for the local business. But here, our business in Ireland is more focused on the business around the whole world, not just [business] in Ireland but [business] around the whole world.'

Deputy Managing Director, Company O

'Geographic location maybe [important], but only in the situation that we were [in the] western world... He [The boss of Company R] knew that we were a small country in the EU. I do not think the EU or Euro-zone [issues] matter... So that was the trade-by-being in the EU. But if we had been in Canada, it might equally have been good, you know.'

Managing Director, Company R

'Regarding the main reasons why the company came to Ireland, the first was because at that time, the Irish economy was relatively good... and the local consuming levels, spending abilities were relatively good and high... The second reason was because the focused sector, the traditional Chinese medicine, was regarded as a newly emerging industry in Ireland, fitting in the disadvantaged areas of the Irish healthcare system, and having good development space... Another reason [for locating in Ireland] is that Ireland is an English-speaking country, and it is geographically close to the UK, because we had business and subsidiaries in the UK. So, comparatively, Ireland is similar to the UK, and this is good for our company... All of these [encouraged] the company [to locate in Ireland].'

Regional Manager, Company K

‘Regarding the investment reasons, it’s mainly for the market [in market]. At that time, the company mainly invested in the UK. The sectors [where] the company invested in [the] UK included the traditional Chinese medicine, newspaper, restaurants, real estates, and tourism... Gradually, the company had invested in many areas of UK. So they were looking for new markets and they eventually came to Ireland to see whether could develop their market in Ireland. Indeed, they believed that there was a future for traditional Chinese medicine in Ireland and the Irish economy was good too [at the time of investment] ... so the main reason was because of the market. The investors believe[d] there was a market for them in Ireland to do the business.’

Store Manager, Company K

Infrastructure and Logistics:

‘[For early Chinese investors], it’s mainly about exporting [by investing in Ireland]. But what [was] Ireland’s logistics? Ireland’s logistics [were at disadvantage]. Even today, Ireland is the only European country where there is not a lane bridge, or a lane link. Even in the UK, they have the Euro tunnel. OK, on a day like this [heavily snowing], it’s getting even worse. The airport is closed, [and] the harbour is closed. Where are you going to get your shipping now? If you are in the UK, when the airport is closed, at least I have the Euro tunnel. A weather like this, with heavy snows, high winds, [shipping in Ireland is closed]. If you are based in Germany, it does not matter. The roads are everywhere. That’s why Germany in terms of logistics is so successful [in attracting Chinese MNEs].’

Managing Director, Company B

Corporate Tax:

‘Taxation is Ireland’s competitive advantage... Ireland has low corporate tax rate and this is very attractive to certain Chinese investors... From my knowledge, the reason why [Company I] came to locate in Ireland was mainly for Ireland’s low corporate tax and its nice legal environment for doing business.’

Chairman, Chinese Commercial Chamber in Dublin

‘Well, there was no huge problem [concern] about the corporate tax, because one thing about [Company D] was the financial set up. There was a lot of inter-trading between the HQ and

[the Irish subsidiary] ... Some of the money was paid directly back to Hong Kong... the Irish company never made a profit or it was about to make a profit... [The Irish subsidiary] was seen as a cost centre for the company, because [the Irish subsidiary] designed all the clothing and distributed manufacture. Manufacture was always seen as the cost side of the benefit. So it was just the cost ... It was just constructed [in] that way because it makes financial sense and it was all legal. It was all done by both boards.'

Managing Director, Company D

'Taxation was an issue from the worker's perspective as well as from the company's perspective... [But] it's about all the other taxes, [for instance] [the] PAYE tax, personal income tax, VAT tax... [Other taxes] were very high. In the 1980s, [personal] income tax was very high here [in Ireland] ... For the workers, they were at the level of almost 40-50% tax, half [of their income was] paid to the government. So the workers were going to say that 'it's not worthy [for me to] work overtime'.'

Managing Director, Company B

'Regarding corporate tax, from my knowledge, the Chinese investors [of Company K] did not take that into consideration when they decided to come and invest in Ireland. So it [the corporate tax] was not an issue [factor] for the company [Company K].'

Regional Manager, Company K

'The third reason [why Company O located in Ireland] [is that] Irish government has been working on some tax treaties for a long time and Ireland has signed double tax treaties with another 50 or even more than 60 countries or other areas or regions of the world. Because we are running aircraft leasing business, we have to offer some nice proposals to our clients who are the airlines. [We] hope to have some business partners in Ireland because of the Double Tax Treaties.'

Deputy Managing Director, Company O

Financial grants:

'The Irish government trying to promote like 'come and invest in Ireland, we give you €50,000 or more financial grants'. The Chinese companies look at and say 'what can I do with €50,000?' Nothing. Because it's so expensive [to do business] in Ireland and in Europe.'

But Ireland cannot give you any more money, because it's not a big country and Chinese companies understand that.'

Executive Consultant of Chinese FDI in Europe and Ireland

'The company [Company D] was the biggest IDA [supported] investment of the 1980s... There were capital grants... There were training grants... So they (these grants) were very significant for the company. I think the capital grant was about 20% of the capital equipment... [And] there was grant per person hired. At the time, I think it was around £35,000 per person [hired]... It was very big, like, effectively and eventually, the first two years of operation for the company was nearly free, because of the grant system. Eventually, the Irish government was paying lots [money] to bring [foreign investors] ... Well, the financial grants were spread over a five- to ten- year period ... The idea was that [the foreign investor] had to stay kind of ten years to get all of the [grants agreed] ... and there were liabilities that if you did not stay [that long], you had to pay the money back.'

Managing Director, Company D

'On a scale of 1-10, definitely the costs and the finance would be ranked 10 [regarding] why they [investors of Company D] came... I would say [because of] the grants they got and the funding they got... and the factory [they got from the Irish government]. Just to give you an idea how big the factory it was, and how important it was. We had ANCO centre ... The factory housed this ANCO centre that was totally sponsored by the Irish government... [The Irish government] paid for all that. It [the factory] was not built on purpose. There was a factory there beforehand for the sewing, but they built on for the knitting... I recommend it was all to do with the grants because when the IDA came in, they were treated like Gods... I do know for a fact that the [Irish] government paid for all the training and all that kind of thing... I knew they were getting huge financial benefit from being here.'

Personnel Manager, Company D

Ireland's IPAs

'Government support, and support from [Ireland's IPAs] are very important. [Ireland's IPAs] played a big role in successfully attracting FDI from the US. They are also the same key institutions to attract FDI from China.'

‘[The nominated Irish IPA] as [an] Irish government agent and arm to attract FDI, they are very important for attracting Chinese companies or Chinese FDI. However, so far, there are only a few Chinese companies that have invested in Ireland. [The nominated Irish IPA] did not achieve what expected from China. Why? If you look at the website of [the nominated Irish IPA], there are about six or seven bullet-points in terms of why investing in Ireland. I think only the point of having 12.5% corporate tax in Ireland is useful and attractive to Chinese companies. The other points are not directly relevant to Chinese companies and investors. Because China has completely different market, culture and system... [the nominated Irish IPA] should have a new and suitable marketing strategy for China, for attracting Chinese companies and Chinese FDI. This marketing strategy should be specific for China’s market and China’s system.’

President of Chinese Organization in Dublin, having extensive knowledge of Chinese FDI in Ireland and close interactions with Chinese MNEs in Ireland

‘I think there were a couple of things. One was that at the time the Irish government was trying to bring in companies into those areas... Like North Dublin where with very high unemployment, so the Irish government offered a lot of incentives for companies to come in.’

Managing Director, Company D

‘[Company D] had plenty of support from the [Irish] government and [the nominated Irish IPA]. We would have many officials in (and) out from [the nominated Irish IPA] ... I know that [Company D] had a lot support [from the nominated Irish IPA] ...’

Personnel Manager, Company D

‘As a company, we were greatly honoured that the Irish President Michael D. Higgins visited our research centre in Beijing when he came to China on his state visit in December 2014. [Company I] has strong relations too with the Irish diplomatic core [in China], for example, our regular and friendly engagements with the Irish ambassador to China, [with] the Irish consul-general in Shanghai and [with] the Irish consul-general in Hong Kong.’

Vice-President, Company I

Business Laws:

‘Yes, except Ireland, we considered some other European and Asian countries... Because of the nice business environment and the talented people [in Ireland], we came here. I am sorry that I cannot disclose you which districts that talked to us. One thing I am sure is that Ireland is a very nice place for us to invest our business. I did not find any negative yet myself. From my point of view, it’s very good to do our business in Ireland’

Deputy Managing Director, Company O

‘[Regarding business laws], no impact, [the Chinese investors of Company R] did not know anything about the patterns of law [in Ireland] before [making their decision of investing in Ireland].’

Managing Director, Company R

‘[Regarding the Irish business laws] it’s OK, once you understand how to do business in Ireland, it’s OK. it’s fine. Sometimes, [there are] a lot of paper work to be done, but we have companies to help us with that kind of things...The HQ [did] not really complain about [the Irish business laws]. Sometimes it can be a little bit slow, it can be a lot of paper work to be done, but that’s [understood by the HQ in China] ... It can be a mixture of the European Law and Irish law there. It’s really just the case of understanding that and get[ting] it done. Once prepared and done within time, there is no problem.’

Managing Director, Company L

‘[W]e find the location, the English-speaking people here, the talents here are quite important. So we mainly focus [*sic*] on the business environment, the talented people when we made the decision to come to Ireland.’

Managing Director, Company P

‘Regarding business laws, Ireland has advantage that attract [certain] Chinese companies to set up international HQs and FDIs in Ireland...Irish legislation on company registration is very competitive in the world. For example, a Chinese company that plans to register its capital of 100 million RMB, if you want to register in China, you must lodge at least 100 million RMB into the company’s account for registration, otherwise you break the law; in Ireland, you do not need to lodge such money or all of the capital into your account for

registration. [and] if I used €100 today, I can account the €100 as my capital operating expenses [in Ireland]. Ireland has a lot of convenience in terms of company registration... Overall, Ireland is quite competitive [regarding] its business laws, not just company registration, but also in other business legislative aspects.'

Chairman, Chinese Commercial Chamber in Dublin

'For [certain] Chinese companies, there is a pursuit of new IP, new know-how, new approaches and new processes. For a lot, the application of that is going to be the domestic market in China... There is a huge appetite on the China side to acquire more knowledge and IPs. The US companies want to sell more [IPs] to the Chinese market. There's more opportunity to work with Chinese partners and co-develop [IPs]... [But] the Americans are afraid to do so in China. Because they do not know what's going to happen to their IP[s] from the protection perspective. So in that case, we position Ireland as a neutral, media point for co-developing IPs, free to sell back to the US and free to sell to China. It's a neutral point that everybody comes through it. It's a middle way. [Because] we have a good legislated system for protection of IPs. We are [offering] very accessible political platform for IP cases. So they [Chinese investors will be much more comfortable with Ireland.'

Senior Executive, Irish Industry Promotion Agency

'At the moment, IP protection is not a big issue for [most] Chinese companies ... [But it] will become a big issue for them when they reach the stage of producing lots of their own IP and need to protect internationally... In the meantime, lots of US companies are leasing IP[s] to China... [On the] one side, lots of US companies won't direct invest in China because of the low protection of IPs [in China]; on the other side, Chinese companies need to cooperate with advanced US companies to get the advanced technologies... Therefore, great opportunities exist for Ireland be the location of innovation investment where can link the Chinese investors with the American investors to work together.'

Senior business consultant, from relevant Inward Investment Promotion
organization in Ireland

'Intellectual property law in Ireland has to be very important because of the fact that there's a lot of intellectual properties being produced. And the government in China, of course, has been very strong in trying to stop intellectual property theft. Having said that, it depends on

the interests of the local regional national party in there... But that's again, [because] the Chinese government decided that was in their interest and the interest of the Chinese companies, and the interest of the future of China to stop the piracy. So rules and regulations are obviously in place [with respect to Chinese companies investing in Ireland].'

Professor in Globalization and Innovation, University in Ireland

Language:

'And the second reason, I think, [why Company I located] in Ireland, is because of the language. [It's because] the Irish speak English.'

Managing Director, Company I

'The language, the education, the location of Ireland... Ireland was the best-fit [in company L's assessment of] the countries in Europe.'

Managing Director, Company L

'I think the most important one [reason]... for other industries, that's the offer of low corporate tax, [because] they have the strength on the double tax treaty size... in [Company O], we find the location and the English-speaking people here [in Ireland], the talents here are quite important. So we mainly focus on the business environment, the talent people when we made the decision to come to Ireland.'

Deputy Managing Director, Company O

'I think it might also because we [Ireland] are [an] English-speaking [country], so it's easier to do business... I would say that English-speaking probably add[s] to that being well connected. [The Chinese investor of Company R] himself did not speak English. His son has good English... If you ask him, he would not say that Ireland is an English-speaking country... I think if we were in Scotland or in Canada, they would be equally acceptable countries. They would not have any problem. The real reason was [because] we have this technology. That was the real reason [for the investment].'

Managing Director, Company R

‘In Ireland, many things are in English. Ireland is the only English-speaking county within the eurozone. But Germany also speak English and countries from Norway or Switzerland they all can speak English.’

Executive Consultant of Chinese Investment in Europe

‘One of the biggest advantages that we have here in Ireland is that we are the only English-speaking member of the eurozone. That’s really important, because while the UK is obviously an English-speaking country, it’s not in the eurozone. Most Chinese business linkages into Europe will be by euro. So it’s very important to have an European base which is also within the eurozone.’

CEO of an Irish industrial promotion organization

‘Language is Ireland’s advantage. Ireland is the only English-speaking country within the EU, besides the UK. This is Ireland’s advantage and it’s important for Chinese companies.’

Chairman of a Chinese Commercial Chamber in Ireland

‘One big advantage is the English-speaking environment in Ireland. Ireland is the only English-speaking country within the eurozone. Britain speaks English but not within the eurozone. Therefore, Ireland is strategically important to China, because it’s within the eurozone and does speak English that makes it easy to communicate. Ireland can be representative of trade and investment [within the eurozone]. There is huge potential for China to develop this relationship with Ireland.’

Senior manager of extensive knowledge of FDI in Ireland

‘For Chinese companies, it becomes challenge to try to manage the teams in Spain, in France or in Italy, because they have to know the languages and the cultures. Whereas if you manage an English-speaking team who in return has the language capability to engage with other customers, it’s easier for Chinese companies. Like localisation, generally what happens is, the content gets conversion back into English first, and then towards into other languages. So English becomes the matter of data and the matter of language. The common language between Europe and China is English. The common language between China and US is English. If Chinese companies want to sell into all of the countries in Europe, they need to have language proficiency of all those languages. If Chinese companies are engaged with

the English-speaking representative offices in Ireland, their Irish subsidiary, their Irish team has the language capability to sell into all of those markets. It's a much easier proposition for Chinese companies to put up offices for Europe.'

CEO of an Irish industrial promotion organization

Culture:

'Even human resource behaviour, the culture... In the 1980s, if you go to an Irish manufacturing company, you would see music being playing at the background. On the shop floor, people [were] chatting and people have the freedom to [do so]. Let me tell you something that [is] very detailed, even something such as whether workers are allowed to go to the bathroom during work.... [In Ireland] even not on the official coffee breaks, [if] you go to the toilet, [you will see] two or three employees in the toilet chatting, chatting for five or ten minutes. In the 1980s in Hong Kong, compared to Ireland, [if] you go to our manufacturing plant[s] in China, in Shenzhen, and in Hong Kong in the 1980s and the 1990s, hundreds of people working, not a single voice... Your supervisor came along. You had to work. You were given the products, [so] you had to work. Why were you talking? You were not allowed to talk, because you had to concentrate on work. You could go to the bathroom, in urgent, for 2 minutes [or] 3 minutes. In the Irish culture, you could not [manage employees in such way] ... In the union environment, you were not allowed to do so.'

Managing Director, Company B

'No, I have to say that the cultural [differential] certainly was [existing] but it was not very important. Even it was [causing some impact], it was minor [compared to] the benefits of the finance. Even at the time, I knew they were getting huge financial benefit from being here. That was the talk. The media was talking. At home, it was the talk. My peers [talk], 'The company was there because of the financial support'. There was no secret.'

Personnel Manager, Company D

'Yea, I do living outside of China for a while, in many other countries. I have to say [that] Ireland is quite special, and the Irish people are very nice to Chinese. I work with them quite well. And I think the Irish people are more easy-going than other nationalities. Perhaps,

probably I am wrong. But, counting to my personal experience, that is true that I like to hang out with Irish people.’

Deputy Managing Director, Company O

‘I think from the Chinese investors’ point of view, there was no problem with Ireland. Ireland was part of the west, part of the developed world, which came without any problem... Ireland is peaceful. Sometimes big countries are either having political reason to make it hard to do business with... [or] they have strong prejudice with [China or Chinese MNEs], and something like that. We know we are a small country. We know we are not going to attack any big country or even other small country... And we are open to access. So it’s an acceptable country to do business in... Yes, [the Chinese investors] considered these [Cultural] things.’

Managing Director, Company R

‘It is not because of the language, it is because of the culture. The Irish do not think like the Chinese. The Chinese do not think like the Europeans or the Irish. Many Europeans, westerners or Irish in China, they think they are experts, but they know nothing about China. The cultural different is very big and the way they operate is different.’

CEO, Board Member of Irish Chinese Commercial Chamber,
and Executive Consultant of Chinese Investment in Europe

‘Culturally and psychologically, Chinese companies do not like small places or countries. Chinese companies like to invest in big countries. But Ireland is a small country. This is a disadvantage for Ireland to attract Chinese companies.’

Chairman of a Chinese Commercial Chamber in Ireland

‘When you run the business, especially from the Chinese point of view or from the Asian point of view, you are the manager, you want to do A, B, C, D, but most of the time, the Irish staff would not do what you ask them to do. It is the mentality that here is their [the Irish’s] hometown and home city. Irish people are un-governed and free spirit. Chinese managers cannot govern them, cannot tell them what to do.’

Executive Consultant of Chinese Investment in Europe

‘In Ireland, apart from the wages [are] very different and very high, the other fact is that many people here are not necessary Irish and their way of thinking is not Irish or English, I mean, the culture of their thinking. If they are not from Ireland or from an English-speaking country, they think they can speak very good English, but they do not. Their skill and culture of understanding is inefficient at high levels of technology or in a business, because they are not native speakers.’

Board Member of Irish Chinese Commercial Chamber

Political Issues/Concerns:

‘[Eventually,] at that time, a lot of people moved and invested [outside of Hong Kong]. [They] would go to the places like Canada, Australia, etc.... A lot of people in manufacturing, private enterprises therefore looked to do overseas adventure. Even though the finance might not make too much sense... Therefore, compared to locations, in terms of why [early Chinese] manufacturing [MNEs] came [to Ireland]. As I said one reason was because of the uncertainty of the future in Hong Kong that was resolved in the late 1990s.’

Managing Director, Company B

‘Earlier this year, we placed the second order for 50 airbuses through 20 aircrafts with the Chinese prime minister. That means we are keeping going well on this structure [of business]. We are going to continue our current strategy [of investing] in Ireland. Our parent company in Beijing, they are quite happy to know that we grow very quickly and that we have done a good job on the marketing sales, internal management and risk management. So basically, in a world, we have a bright future [in terms of investing in Ireland].’

Deputy Managing Director, Company O

‘[Regarding the Chinese government], well, certainly, one of our shareholders is [related to the Chinese government]. I am not familiar with the company law in China, but under Chinese company law, there seems to be a legal representative of the company. And in our case, that person is an employee of [the specific Chinese regional government]. So if we need some official letters from the [government] officers, it has to be signed by this person who is in fact an employee of the Chinese government.’

Managing Director, Company R

‘Yea, we [Company L] had some support from [the nominated Chinese government organization in Dublin], from different [ambassadors] ... We would work with the ambassador[s] and the economic consular[s] at different stages. But [that’s] more for public image building. I suppose they can help us, they can point us in the right way. They provided physical support, if you know what I mean. They have helped us, [in terms of] making contacts with different people, and things like that. But that’s not really [important]... They do not, and their role is not to [have an impact on Company] ... I suppose, they did not have the same role [as the nominated Irish IPA].’

Managing Director, Company L

‘With respect to the increased cooperation and relationship between China and Ireland during recent years, particularly, Xi Jinping’s visit to Ireland, they not really [make huge difference to Company L]. It’s good to see [those high-level political visits]. It’s good for us. But it does not really affect us. No real impact for us, to be honest.’

Managing Director, Company L

‘The Chinese companies, because there’s such government involvement, we have to translate the tax benefits in terms of what might mean for them as semi-government entities. A lot of our proposals are more around how the Chinese companies might have more tax to pay domestically, particularly if they repatriate back to China. It’s more of patriotic type of angle. So suggesting that leaving less tax income around the world, but more tax income going back to China, so peering to their sense of patriotism. That’s example of how we are changing our approach to China.’

Senior Executive, Irish Industrial Promotion Agency

‘It’s true that Ireland has realized the importance of China and the Chinese government. For instance, there have been many high-level government visits between Ireland and China. Both governments have made strong efforts to build the China-Ireland relationship... It is extremely important for Ireland to keep these high-level contacts with the Chinese government, [through which] there will be some big investment projects from China or Chinese companies.’

Senior Executive of Chinese FDI in Ireland

‘It is possible for Ireland to get big investment from China if Ireland work with the Chinese government. If Ireland can convince the Chinese government that [investing in Ireland] is an meaningful and beneficial thing for China or for the Chinese government, the benefits may not be economic, but maybe about [enhancing] the China-Ireland relationship or the China-Europe relationship, or other long-term strategic considerations.’

President of a Chinese organization in Ireland

‘Ireland needs to tell the Chinese companies, particularly to tell the Chinese government, that Ireland is a suitable gateway to the European market.’

Senior consultant of Chinese FDI in Ireland

‘Certainly, the high-level government visits between the two nations are influential. These will advance the economic, trading and investment relationships between Ireland and China. But there should be further follow-ups, for instance building a whole system or strategy specific for China and Chinese companies. ... And importantly, all these contacts and relationships should be kept. These relationships and contacts are highly valued by the Chinese people.’

Senior Executive of a Chinese government organization in Ireland

RESEARCH OBJECTIVE 2—HR/IR FACTORS

Labour Costs:

‘Back into those days in the East Asia, there was no minimum wage level... Wages here [in Ireland] were very high [when compared to China] ... I think the point is there was a wage differential [and] there was cost differential between operating in China and operating in Europe, America, and in Ireland... It’s much more cost-efficient and cost-effective [to do] your production and manufacturing in China than [to do] that in Ireland.’

Managing Director, Company B

‘Everything else, all your other universal charges for running your business were costly [in Ireland]. [For instance], [employee] wages, operation costs, and the utility charges were high... [Cost of] everything else was high in Ireland.’

Managing Director, Company B

‘I suppose, eventually, there were a couple of things in [Company D]. One was [that] the labour costs were high in terms of manufacturing [in Ireland]. It was really, in the 1980s and 1990s, probably the end of setting up manufacturing [operations] in Ireland because it did cost a lot of money. The plant was very efficient, because we could not afford if not to be [efficient]. The cost was [high], so we had to always drive the machines, to drive the people, to push all the time... We were trying to make our plant more and more efficient, faster, better, but the cost [labour cost] was very expensive... We were always fighting with the cost! If we, the management team, did not keep our cost and everything under control, then the company would [be closed down] eventually.’

Managing Director, Company D

‘Well, initially, they [early Chinese investors] used to bring everything from Hong Kong and after a certain period, they started sourcing locally... The idea I suppose was to make it more cost-efficient, because costs of manufacturing, including labour costs, in Ireland were high.’

Managing Director, Company D

‘The labour costs [in Ireland], obviously, are higher than that in Eastern Europe or Asia, but you got to weight [consider] everything... [Ireland] is not the best [location] from the labour costs point of view, but you got to take all of the other factors into consideration as well... The issue of labour costs was not a key factor for [Company L].’

Managing Director, Company L

‘In fact, labour costs did not cause any major impact in this sector. Comparatively, of course, Ireland’s wages are a bit higher than a few other European countries... It [the issue of labour costs] is a concern for us but this does not cause any major problem or challenge for our company. It can be covered and managed.’

Regional Manager, Company K

‘Personally, I think the factor of costs [including labour costs] is more significant than other social, relational factors, like education, Science & Technology, R&D capabilities.’

Academic Expert Informant

‘The costs of labour in Ireland are high. And other costs in Ireland are also high, such as the living cost, the transportation cost, the logistic cost... The living cost in Ireland is higher when compared to some other countries.’

Chairman of Chinese commercial chamber in Ireland

‘When you look at Chinese companies that are mostly manufacturing and wanting to enter the European market, they would enter Poland or one of the countries where the wages are much less than the wages in Ireland. We can say that they could be registered in Ireland, but to actually perform function in Ireland is a problematic thing because Ireland is a relatively expensive location.’

Senior lecturer in globalization and international management, University in Ireland

‘The point is that Ireland has become a relatively expensive location compared to other countries, and it is a very expensive location to do business compared to China.’

Professor in globalization and international management, University in Ireland

‘The costs, the labour costs in Ireland are high. For instance, if you hire a local Irish, you have to pay at least €2000 per month, and most of the time, you pay more than €2000 per month. That’s expensive for Chinese companies and they would go to some Eastern European countries where the wages are less than the Irish wages.’

Senior Executive of Chinese organization in Ireland

Labour Quality and Labour Availability:

‘A lot of it [is] now called intellectual capabilities. What draws people into Ireland now [is] the education, the people, the availability of people... At the time of investment, there was a lot of young people who came back from Australia... so there were a lot of possibilities [for Company D] to recruit and hire such young people [in Ireland at the time of investment].’

Managing Director, Company D

‘[With respect to] why they [early Chinese MNEs] came [to Ireland], it maybe [because of] the availability of labour. There were plenty of labour available at that time. The quality [of the labour] is depending on what we are looking at. At the start, the company advertised for supervisors, there would have been plenty [of candidates], because in the 1980s, there were

closures of factories [in Ireland]... Factories would have closed and reopen again [in Ireland]... So there were plenty of available [workers in Ireland]... There was no problem [for Company D] to recruit all types of jobs, such as supervisors, the sewers, or the knitting workers... We would have different pre-tests before they went in for interviews. The application forms would be checked up. That's how to figure out whether they were at wrong age which was a major issue [for Company D at the time of investment].'

HR manager, Company D

'They [investors of Company L] wanted a place that was close to a college, to be able to gain staff and Ireland fits in that bill... So education, the graduates [available], the language, and the location of Ireland were the key things... Ireland was the best fit in Europe [for Company L].'

Managing Director, Company L

'Well, [one reason for investing in Ireland was because of] the fact that Ireland has a lot of talented people [in the nominated service sector]...It was part of the structure of the taking-over to provide incentive employees to the mainland company [in China]...He [the owner of Company R] wanted to be very sure that people [the Irish staff] would stay because the people were [perceived as] the value for the taking-over ... The particular Irish team [was perceived] very significant... Our Chinese boss seems to trust the Irish people... Because the Irish people [or] westerners are more trusted in the sense of obeying business rules and non-disclosure agreements.'

Managing Director, Company R

'Yes, absolutely, Ireland offers sufficient skilled workers for our operations here. [Company I] has seen at close hand the availability of skilled workforce in Ireland and the excellent quality of Irish education... [For years,] Ireland has strong levels of investment in its education and training, which has ensured that Ireland has one of the most highly skilled, dynamic and flexible workforces in the world. This is important [for Company I].'

Vice President, Company I

Actually, we [Company O] considered different districts, and we sent delegations to this region [Ireland]. We talked to people, talked with the government officers, and we have done

our own assessments, and finally we decided to come to Ireland to run this business. So, the location, business environment, and the talented people are the key reasons for us [Company O].’

General Manager, Company O

‘Before we came to Ireland, we had a third party to do this kind of survey on the labour issues... We hired [a local] HR manager who came to recruit from the business side. And we found that there’s quite a lot of talented people in Ireland [in the nominated service sector].’

Deputy Managing Director, Company O

‘And the other thing [is because of] the HR issue[s]. We are quite happy to know that there are quite a lot of excellent Irish people in this market [sector].’

Managing Director, Company P

‘[At the time of investment], it was quite easy for [Company K] to find and recruit staff. [Company K] never had a problem in recruitment at that time. And all of the staff recruited at that time were very responsible, working hard and passionate about working in this service sector.’

Store Manager, Company K

‘Companies have the access to skilled personnel, not just from Ireland but [also] from many other different European countries. Many young Spanish, Italian and French people come to Ireland, because they cannot get jobs in the continent of Europe. Even during the recession, they can get jobs in Ireland; they cannot get jobs in their own country. So there is the potential that Ireland does attract a lot of young people from the Europe in specific areas. This may be useful for Chinese companies... I think the difference is that there’re still a lot of young people coming through the university system and this is good for MNEs.’

Senior lecturer of international management, University in Ireland

‘The [Irish] government has invested serious money in the last ten years into Universities, into science and technology, trying to raise the level of education. It does make [Ireland] more attractive [because Ireland] has got more and better graduates... And there are a lot of [labour] movement into Ireland, people from all over the continent of Europe, which is very

good as well. There is potential to easily employ a lot of people in Ireland that from many different European countries. And it's also easy to fire them. So these are advantages as well.'

Professor in globalization and international management, University in Ireland

'The skill-set on the type of business, sales, support, and also the [labour] availabilities, these are the areas that we are really strong in our existing investment [environment]. Whether it is the US investment or UK investment or Chinese investment, these are the areas that we are really good at. Also culture think[ing] is very important. Like [the] Chinese, we are good at relationship building and networking. Not every country in Europe is as strong as that we are. I think if companies combine all those factors, they will get a strong argument[reason] for [investing in] Ireland.'

CEO of Irish industrial promotion organization

'Chinese companies that are going to come to Ireland, are going have specific skill requirements. They are going to need people with qualifications in science, engineering, languages and so on. They are not likely to be here to set up manufacturing basis because they do the manufacturing in China... They require a very similar skill-set as other companies from other countries... Companies are quite successful in Ireland at finding the required people.'

CEO of Irish industrial promotion organization

Labour Regulation and Industrial Relations:

'Well, this was [about] the whole union system. They [the workers] were all members of the union. They had to be union members. They had to join the union to work for the company. They did not engage with the company. They engaged themselves with the shop steward. The shop steward would represent the workers, and the union would back up the shop steward. To certain extent, this was a problem of unionism... I remember we had issues with our factories... Because of union rules, you could not stop or restrict people from taking breaks or going to the bathroom which greatly damaged the production efficiency.'

Managing Director, Company B

‘Another issue was about overtime work. Companies had to pay overtime work and even the willingness to work overtime. We had to motivate staff to work overtime.... In the East Asia, like in Hong Kong or in the mainland of China, it was quite normal to get employees work overtime. But here, in the Irish context, you could not do that... The workers might say ‘Sorry, I am busy’ or, ‘I do not want to do overtime’ or ‘It’s not worthy [for me] to work overtime’... The company had to do all sorts of things, such as to pay extra [money] for overtime work, to look after the staff, and even to pay for their meals. And that all cost more money. In the manufacturing business, it’s all about cost competition. So, the company product was going to be [more] expensive and the company was going to lose competitiveness.’

Managing Director, Company B

‘In the case of pay rise, we negotiated with the union, certain degree of pay rise every year. In the East Asia, we normally did not do this. This was very much the union way of doing things during the 1980s and the 1990s. There were not many labour issues, because in those days, it’s pretty depressing economy. Once negotiated, it’s accepted. There were no strikes.’

Managing Director, Company B

‘We [Company B] had an agreement with the general workers’ union at that time. The Agreement was negotiated and signed between the company and the trade union. It was a standard union contract. It did cover things like holiday, entitlement, notice of dismissal, disciplines and procedures, overtime working, and stuff like that.’

HR manager, Company B

‘Honestly, my experience in engaging with unions was a waste of time. Most of the time was about playing games. For instance, both the company and the unions already knew that it was the 3% wage increase, but you had to start with 1%, and the unions had to start with 5%, and we had to spend the whole day talking, really, arguing, being unpleasant to each other, and at the end of the day, we agreed at 3%, shook hands, and went away together for a drink.’

HR Manager, Company B

‘There was some kind of conflict between what the Chinese directors wanted and what the Irish labour laws and unions allowed. Definitely, there would be such issues there. Trying to

get workers' rights, and trying to deal with unions. I presume that was a cultural thing. Because the rights of the workers [in Ireland] were far superior than that in Hong Kong... [For instance], taking breaks made a problem, such as the smoking breaks, the toilet breaks, and so on. Because a lot of very young kids [were hired in Company D] ... There was always tension in terms of dealing with the Irish labour laws, unions, etc. For instance, the unions would like to increase pay and breaks, whereas [the Chinese investors] would want less breaks, and less contact with the unions. I do remember definitely such issues were there [in Company D].'

HR Manager, Company D

'The company was unionized. Staff were trade union members here [in Company D] ... Well, manufacturing companies tended to be unionized [at the time of investment] ... We had a very good relationship with the STEPT, the main union at the time. [The General Manager of Company D] had very good relationships with the trade union. He made time to meet the trade union and got to know the trade union... Eventually, there was a lot of trust developed. The union officer at the time was very impressed by how honourable the company was... Workers were paid properly and looked after well. Everything was done right and straight-forward, no messing... The union officer liked [Company D] and [another early Chinese MNE at the time].'

Managing Director, Company D

'Well, in regard to dealing with the trade unions, obviously, the trade unions are there for a purpose. For the moment, they mainly operate in some large companies [in Ireland]. I think the trade unions are important if there are some major issues within the company, for instance if people are not treated fairly or properly. At the moment, I do not think we will look at that... Because I would hope that within [Company O], we are in the position to treat our staff equally and properly, and that we may not have [engagement] with the unions... We would hope that everything would be able to work with the employees, that we are not having industrial relations issues... That's why it's important to set up HR policy and procedures, to set up the way of how we want to work, and the culture of openness and the culture of understanding as well [within Company O].'

HR Manager, Company O

‘As far as I know, most of our staff were not union members and there was no union in the company. We [Company K] had limited contact with the trade unions. and there were not major labour issues or disputes that occurred within the company. Maybe it was because that the personnel unit of the company had adopted relatively proper policies, such as enhancing the communication throughout all levels of the company.’

Regional Manager, Company K

‘Of course, we follow the public holidays in Ireland, and I was explained that holidays in China are different...But I do not think there should be any real work problems faced by international people coming into Ireland as long as we comply with the Irish legislation. we have to [provide] a fair working environment, and treat everybody equally and properly, particularly from the Irish employment legislation. Once there is a member of the management team [in Company O] who is aware of the Irish labour regulation and knows how work gets done here [in Ireland] ... I don't see any significant challenges. We all work on the business agenda. whether you are Chinese or Irish, or from a different country, we all have to work together.’

HR Manager, Company O

‘Personally, I think the labour regulation and the employment laws here in Ireland are democratic, the principal of fairness and justice... We found that it's quite nice to the employees but also to the employers as well. And we feel so comfortable to have this labour legislation and labour regulation in Ireland.’

Deputy Managing Director, Company O

‘It's all based on the employment contract we have. The contract is designed by our outsourced recruitment/HR company. And then obviously, we have HR procedures and policies as well, so they are all there. They are all available for employees to look at... So far, we had nothing major [labour issue]. Obviously, we came across some small [labour] issues, but nothing major. We never had [discriminated against] anybody like that, or being taken into labour court like that.’

Managing Director, Company L

‘We [Company L] do not have any problems in dealing with the Irish labour regulation or with the trade unions. So far, we never had any kind of labour disputes ... The workers here [in Company L] are not members of the union. So it’s not something that we have to deal with yet.’

Managing Director, Company L

‘No, we have no union here [in Company R] ... Half of the people here are qualified engineers, and none of them are in the union... In this kind of office where you have a small number of highly qualified and professional people, [it’s] very much left to themselves to regulate their time and their work... [The managers of Company R] are trying to hire people who are interested in what they are doing, and generally they want to get achievement and recognition; so unions or union regulations whether it’s 39 hours a week or 40 hours a week, nobody is really paying attention to these things. I think it would be an issue if we were trying to reduce the numbers, and then we say we need 100,000 to pay redundancy. That would be a very big issue for the Chinese investors, I think. But currently, it is not an issue [for Company R].’

---Managing Director, Company R

Appendix G: Publication Emanating from this Thesis

Accepted Publication

<i>Title</i>	<i>Chinese Firms in Ireland: Profile, Motives and Impact of Human Resource and Industrial Relations Considerations</i>
<i>Journal</i>	<i>European Journal of International Management</i>
<i>Authors</i>	Yanyi Wang , Jonathan Lavelle, and Patrick Gunnigle
<i>Year</i>	2017
<i>Volume (Number)</i>	Forthcoming
<i>Page Numbers</i>	To be confirmed