Using a combined PLS path and MCDM approach in determining the effectiveness of Taiwan's outward FDI policy

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Abstract: Various studies have looked at outward foreign direct investment (FDI) from the host country perspective but have paid little attention to parent country determinants. Does the outward FDI policy (investment upper limit regulation) matter? In this paper, we propose a combined partial least squares (PLS) path model and multiple criteria decision-making (MCDM) approach to study Taiwan's outward FDI to China. The main purpose of this study is to investigate the determinants of Taiwanese firms' decisions in making FDI into China. Using data from Taiwanese optoelectronics firms doing business in Taiwan between 1998 and 2007), the results of the proposed model show that the outward FDI policy of the parent country is a key factor in Taiwan's outward FDI into China. It is also found that the macroeconomic environment of the host country was a stronger determinant than the parent country on Taiwan's outward FDI into China.

Keywords: Foreign direct investment (FDI), partial least squares (PLS), multiple criteria decision-making (MCDM), Parent country, upper limit regulation

1 Introduction

The United Nations Conference on Trade and Development (UNCTAD) defined FDI as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy on an enterprise resident in an economy other than that of the foreign direct investor. Based on the data from World Investment Report (WIR, 2002), since 2002, China has ranked first in the world among "attractors" of FDI. Hong Kong and Taiwan are predominant players (40-60% of the total FDI to China), followed by the United States and the EU.

According to Taiwan's Mainland Affairs Council, the cumulative number of cases of Taiwanese FDI into China had reached 36,459 by 2007, while the aggregate amount of FDI had reached 63.3 billion US dollars. In fact, China has now become the primary area for FDI funds of Taiwanese enterprises. Further, the data suggests

that not only is the tie between Taiwan and China's manufacturing industries strong, but also that the high-tech equipment manufacturing industry is the top contributor to these capital outflows.

Issues on FDI have attracted much attention in recent years from scholars in the area of international business and economics. It is well documented that the host country factor was the key driver on outward FDI [1, 4, 5, 11, 22, 28, 30, 33, 37, 39, 41, 47, 68, 70]. However, the role of the parent country's FDI policy and macroeconomic environment as one of the factors has been largely ignored in these studies. It is common practice to note government regulations imposed on outward FDI, but particularly necessary concerning Taiwan's outward FDI into China. Given the political tension between China and Taiwan prior to 2008, regulations were set up by the Taiwanese government not only on the upper limit amount but also on the items approved for Taiwanese firms to invest in. However, no solid empirical evidence on this matter has been offered thus far. It has not been made clear how much of an effect, if any, the investment upper limit regulation has on the actual outward FDI from Taiwan to China.

Previous studies related to FDI of Taiwanese industries addressed issues regarding performance evaluation, technology forecasting, and location selection [10, 43, 44, 57], etc. Demirbag *et al* (2007) examined factors influencing perceptions of FDI performance, based on an integrated perspective that incorporated both host country and organizational levels [18]. Giner and Giner (2004) proposed a model from an integrated view of economic policy to interpret FDI flow into China, by emphasizing three host country factors [30]. Zhang (2005) found that the determinants that dominant the behavior of Hong Kong and Taiwanese (HKT) direct investments are China's export-promotion strategy and cheap labor. He also found specific advantages in HKT's export-oriented FDI and their unique link with China [70]. Xu *et al* (2008) argued that the FDI behavior of China could be controlled by the intervention of the Chinese government [68]. All of these studies, unfortunately, did not consider the issue of FDI outflows from the parent country's perspective. García-Herrero and Santabárbara (2007) incorporated parent country, host country and global factor variables into their FDI model. However, they focused mainly on the impact of the host country [28]. To discuss outward FDI, Kalotay (2008) applied an eclectic paradigm with extensions for parent country factors and the role between the business environment and the state [39]. Unfortunately, no further hypotheses or models were proposed.

In this paper, we present a partial least squares (PLS) path model for the determinants of outward FDI. This integrated FDI model incorporates both the parent country and the host country, along with firm-specific determinants. Hypotheses regarding the effects of FDI policy on firms' investment decisions are then developed and tested. Also, an outward FDI MCDM model is further examined by five CFOs of optoelectronics firms. By combining objective and subjective methods, we found evidence to support the argument that the FDI policy (investment upper limit regulation), the macroeconomic environment of the host country, and the parent country determinants, all affect firms' decisions in making FDI into China. We further found that FDI policy dominated the effect. The remainder of the paper is as follows: section 2 proposes an outward FDI PLS path model and shows the results; section 3 applies an outward FDI MCDM model and presents the results of the study; and lastly, a

discussion on the findings and conclusions of the study is offered.

2. PLS path analysis model

2.1 PLS path analysis methodology

Path analysis and causal modeling were introduced by Wright in the 1920s [23, 67]. Although developed by Herman Wold (1966, 1981, 1982, 1985) [63, 64, 65, 66] for econometrics, partial least squares (PLS) first gained popularity in chemo-metric research and later in industrial applications, such as computer information and management, education, marketing, and social sciences [6, 21, 24, 25, 26, 27, 38, 40, 42, 46, 60, 61, 62]. It has the ability to model latent constructs that are uncontaminated by measurement error under conditions of non-normality or small to medium sample sizes. It therefore offers some analytical advantages over techniques such as regression assuming error-free measurement [31, 61].

PLS path modeling can be used for analyzing a multiple-block structure of variables when the data has the following features: causal relationship, small sample, missing values, or displays multi-colinearity. Such a general and flexible framework also enriches data analysis methods with non-parametric validation procedures (such as bootstrap, jackknife, and blindfolding) for estimated parameters and fits indices for different blocks that are more classical in a modeling approach than in data analysis [13, 24, 45, 52, 53, 57]. Therefore, the PLS path method was chosen to estimate the model of this study.

A PLS path model is described by two models: (1) a measurement model relating the manifest variables (MVs) to their own latent variables (LVs), and (2) a structural model relating endogenous LVs to other LVs. The measurement model is also called the outer model (MVs→LVs) , and the structural model is called the inner model (LVs → LVs), with the arrows showing the assumed causal relations. However, the application of PLS requires a minimum sample size of 30 [62].

2.2 Hypothesis of PLS model

Various factors have been proposed as determinants of outward FDI. These include government regulations, trade openness, political risk (sociopolitical instability), financial incentives, business operating conditions, corporate taxes and incentives, size of the market, financial development, real exchange rates, changes in wage rates, interest rates, etc [1, 2, 3, 4, 7, 8, 10, 14, 15, 16, 17, 19, 20, 28, 29, 30, 32, 39, 41, 44, 47, 54, 57, 69, 70].

Supportive policies of a country constitute a more favorable environment and tend to have a positive impact on outward FDI. In contrast, non-supportive or restrictive policies will lead to inward FDI. Further, a favorable macroeconomic environment of a country tends to draw more inward FDI. In this paper, we argue that factors not only of the host country, but of the parent country, play vital roles in the determination of outward FDI. By including a firm-specific factor, there were at least three aspects of the factor relevant to Taiwan's outward FDI to be considered. In order to investigate the effect of the upper limit regulation of the parent country on capital flow, we treated the policy effects separately. Given the above mentioned argument, three hypotheses are proposed as follows:

H_1: *Outward FDI is positively related to the FDI policy (upper investment limit regulation) of the parent country.* That is,

Taiwan's FDI policy does affect outward FDI into China.

A favorable macroeconomic environment of a parent country tends to draw more FDI inflow. Conversely, an unfavorable macroeconomic environment of a parent country will lead to FDI outflow. That is, outward or inward FDI may be influenced by macroeconomic variables, such as real GNP, export value, government investment, trade, GDP, savings, consumption, etc. With this in mind, the following hypotheses are proposed:

H_2: *Outward FDI is positively related to an unfavorable macroeconomic environment of the parent country.*

H_3: *Outward FDI is positively related to a favorable macroeconomic environment of the host country.*

The microeconomic determinant between the parent and host country is also considered. Applicable theories include the factor endowment theory, the location theory, and the transaction cost theory. Most conventional theories explain FDI in microeconomic terms, focusing on firm-specific advantages, location advantages, or cost advantages [9, 20, 34, 36, 45]. That is, a favorable microeconomic determinant or cost advantage will lead to inward FDI. Conversely, an unfavorable microeconomic determinant or a non-comparative cost advantage will push outward FDI. Factors such as the relative bank lending rates, relative average wage of electronic industry's employees, relative land value increment tax, relative value added tax, relative rate of the economic growth (market accessibility), and the exchange rate, are all relevantly related. Given this, the following hypothesis is proposed:

H_4: *Outward FDI is positively related to the favorable firm specific determinant.*

The PLS path model of outward FDI is shown in Figure 1.

Figure 1

2.3 Data description

The relationships between the outward FDI and the four aspects of determinants were analyzed using the PLS path modeling approach. Data used in this study were collected from the Investment Commission of the Taiwanese Ministry of Economic Affairs (MOEA), and the database assembled by the *Taiwan Economic Journal* (TEJ), a for-profit organization in Taiwan. The research sample consisted of optoelectronics firms listed in the Taiwan Stock Exchange during the period from 1998 to 2007. The final sample size was 82 firms, and the numbers of observations was 39. SmartPLS 2.0 was employed to estimate the model [48].

From 1998-2007, amongst the sample as a whole, the ratio of TSE firms was 59% and OTC firms 41%. Most of the parent company's ages ranged from 11~20 years (49%). In terms of firm size, 57% of the firms had less than 1,000 employees. As for the stockholding mode, wholly owned subsidiaries (WOS) were preferred over joint ventures (JV). Table 1 summarizes the characteristics of our sample firms. (there is no mention of stockholding mode in table 1 nor percentages of WOS or JVs)

Table 1

Based on a review on previous studies, we first chose several variables that were commonly

used. Items with low correlations were then deleted. Table 2 shows the definition of manifest variables. Table 3 lists the descriptive statistics of each manifest variable for our sample firms.

Table 2,

Table 3

2.4 Results for the PLS path model

We analyzed and interpreted the proposed PLS model in two stages [34]. In the first stage, the measurement (outer) model was tested by performing both validity and reliability analyses on each of the measurements obtained using the model.

Reliability and validity were tested by looking at: (1) the reliability of individual items, known as Composite Reliability (CR), and (2) the convergent validity of the measures associated with individual constructs, known as Variance Extracted (AVE). In general, an acceptable level is CR>0.7, AVE>0.5 [27]. The results of the proposed PLS path model are reported in Table 4 and shown in Figure 2. All CRs had loading values higher than 0.9 and all AVEs were above 0.8. It can thus be concluded that individual items were reliable and each construct had high convergent validity. Discriminant validity was assessed using a latent variable correlations matrix, where the square root of the values of the average variance was extracted and calculated for each of the constructs along the diagonal. As can be seen in Table 4, discriminant validity was satisfactory. The explanatory power of the model (R^2 values) in our study was 0.948. Thus, it can be concluded that the explanatory power of the model was quite strong. In general, all the measures showed very good reliability and validity. Additionally, according to Table 7, all T statistics of the outer weights were more than 1.96, indicating that the measurement (outer) model was also significant.

Table 4

Table 5

Table 6

Table 7

In the second stage, the structural (inner) model was tested by estimating the paths between the constructs in the model to determine the significance as well as the predictive ability of the model. The significance level of the T statistics should be equal to, or more than, 1.96. The results of the bootstrapping re-sampling technique (300 runs), which was used in PLS to determine the significance of the paths, showed that all the paths were significant except for "Firm Specific → Outward FDI". We can thus conclude that, with the exception of H_4, the hypothesized model was confirmed by the data shown in Table 8. Given that the standardized path coefficients indicate the strengths of the direct effects, it is worth noting that the FDI policy (upper limit regulation) of the parent country determinant dominated (path coefficient = 0.789) the effect on outward FDI. That result was consistent with the expectations of H_1. Hence, the effect of the FDI policy of the parent country does, indeed, matter.

Figure 2

Table 8

3. MCDM model

3.1 MCDM approach

A typical multiple criteria evaluation problem examines a set of feasible alternatives and considers more than one criterion to determine a priority ranking for alternative implementation.

Multiple criteria decision-making (MCDM) techniques have been used in recent years to solve a wide variety of problems [12, 35, 49, 58, 59].

In this paper we applied an MCDM approach to examine the determinants on outward Taiwanese FDIs. We constructed an MCDM model of the determinants of Taiwan's outward FDI to China based on the four aspects of determinants from the above PLS path model. The hierarchical structure is shown in Figure 3. That is, there are four dimensions and seventeen criteria in the model. The four dimensions are the FDI policy (investment upper limit regulation) of the parent country, the macroeconomic environment of the parent country, the macroeconomic environment of the host country and firm-specific determinants. To deal with the qualitative attributes in subjective judgment, we employed an analytic hierarchy process (AHP) to determine the weights of decision criteria for each of the optoelectronics firms.

Figure 3

3.2 Analytic hierarchy process

The analytic hierarchy process (AHP; Saaty, 1977, 1980) [52, 53] solves complicated and subjective decision making problems. In AHP, multiple paired comparisons are based on a standardized evaluation scheme (1 = equal importance; 3 = weak importance; 5 = strong importance; 7 = demonstrated importance; 9 = absolute importance). The AHP uses pair-wise comparisons to compare "n" elements under given conditions.

Using AHP, we were able to convert vague verbal responses into a 9-point linguistic scale. The results of the pair-wise comparisons were then used to construct a judgment matrix, and the normalized eigenvector corresponding to the maximum eigen-value (λ_{max}) was calculated. The consistency index (C. I.) served as the indicator of "closeness to consistency". C. I. = (λ_{max}-n) / (n-1), with λ_{max} as the eigen-value for the pair-wise comparison matrix of size "n". In general, if the value of C.I. turned out to be < 0.1, our judgments could be considered to be satisfied.

3.3 Results for AHP method

After asking five CFOs of optoelectronics firms, by questionnaire, about their firms' decisions in making FDI into China, we used ECPRO (Team expert choice) 9.5 to construct and calculate the weight of the MCDM model. The average C. I. of the study was 0.05. The weighting factors of the seventeen evaluation criteria for outward FDI are listed in Table 9. After adding the value of weighting factors of the evaluation criteria, we arrived at weight values for each of the four dimensions. The weighting factors affecting the dimensions of outward FDI are: (1) "FDI Policy" (weighting = 0.386); (2) "Host Macro" (weighting = 0.327); (3) "Parent Macro" (weighting = 0.134); and (4) "Firm Specific" (weighting = 0.110). The results of the MCDM model are shown in Table 10.

Table 9

Table 10

4. Discussions and conclusions

In this study, by using a combined PLS path model and MCDM approach, we have shown that the outward FDI policy (upper limit regulation) and the macroeconomic environment of the parent country are strong determinants on outward FDI from Taiwan into China. The findings lend strong support to the model constructed in this study.

The results of PLS path model showed that the FDI policy determinant of the parent country (path coefficient =0.789) have much

stronger impacts on the outward FDI than does the macroeconomic environment of the host country (path coefficient = 0.639). And, the pull force coming from the host country (China; path coefficient =0.639) is higher than that the push force of the parent country (Taiwan; path coefficient =0.420). Thus, FDI policy dominates the various factors affecting Taiwan's outward FDI into China and highlights the importance of considering not only the determinant of the host country, but also the parent country determinant.

Also, from the results of the MCDM model, it was found that when the optoelectronics firms decided to make FDIs into China, the weight of the determinants was as follows: "FDI Policy" (weighting = 0.442) which ranked first; "Host Macro" (weighting = 0.235) which ranked second, and "Parent Macro" (weighting = 0.134) which ranked third. This indicates that "FDI Policy" is the priority determinant considered by the firms in making investments into China; that is; the FDI policy dominates the effect on Taiwan's outward FDI into China.

Above all, the results of the two models are consistent with each other. The results of the study show that the FDI policy (investment upper limit regulation) of Taiwan's government does, indeed, matter on outward FDI into China, not only from an objective viewpoint but also from a subjective one.

Hopefully, the results of this study will contribute to the research data available on FDI studies, since previous studies have focused mainly on the host country determinant when analyzing outward FDI but have paid scant attention to the parent country determinant.

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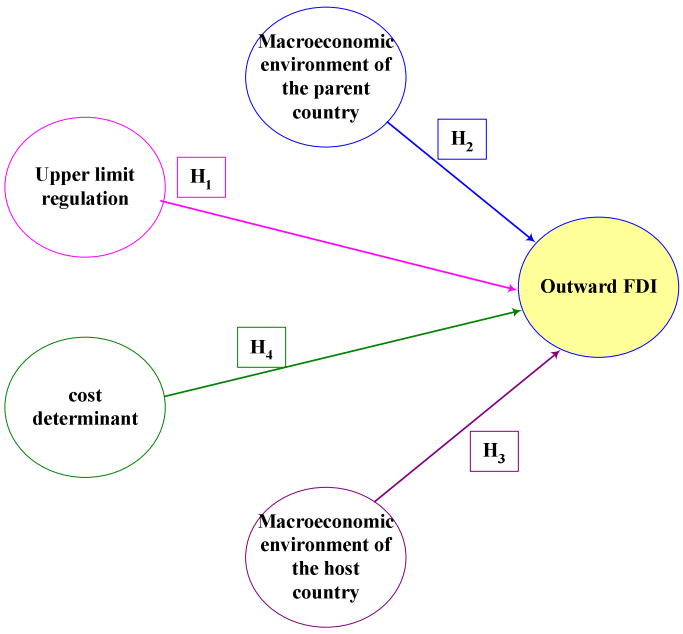

Figure 1. The PLS path model of outward FDI

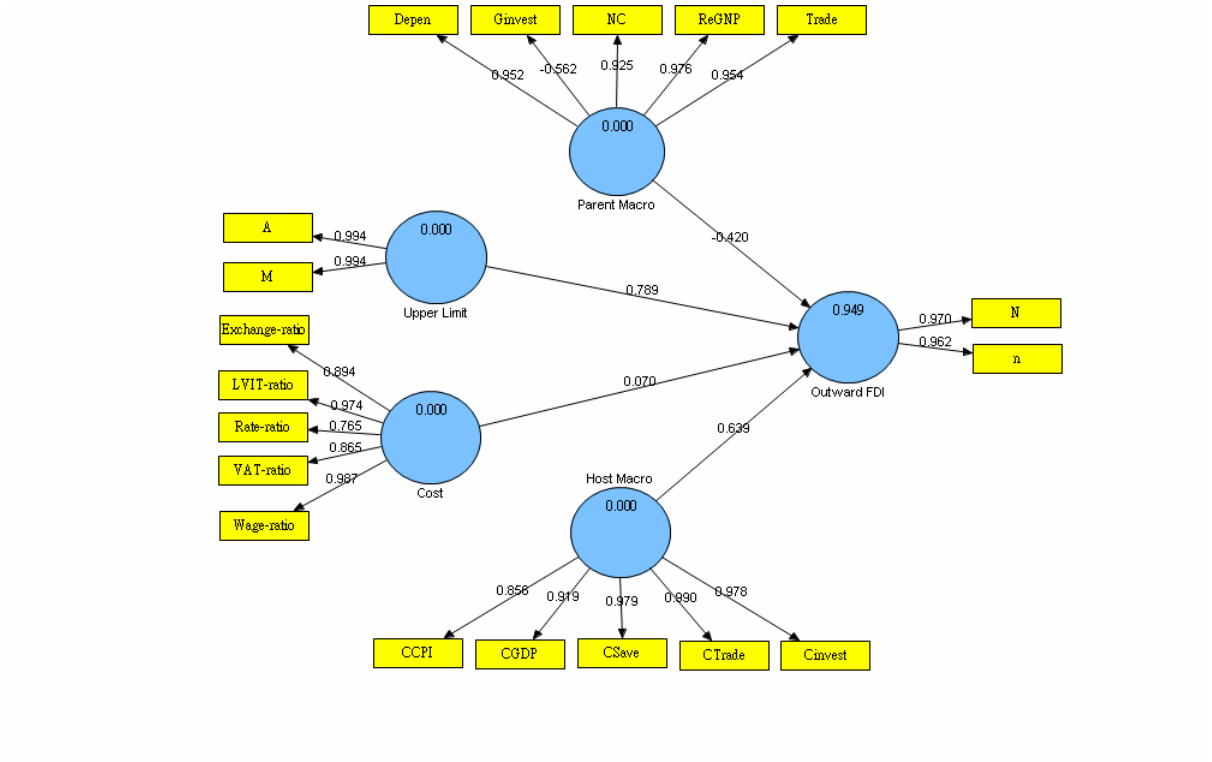

Figure 2. The result of the proposed PLS path model

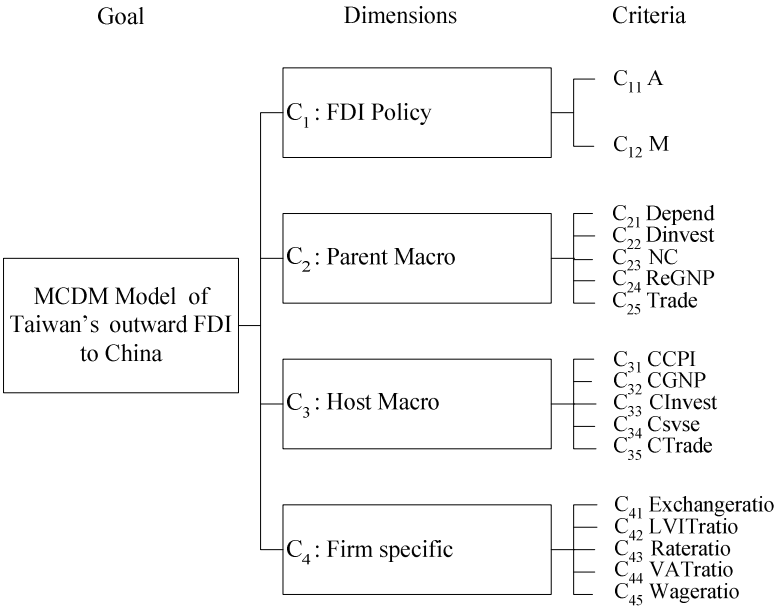

Figure 3. The MCDM model of Taiwan's outward FDI to China

Table 1. The characteristics of sample firms

Market Category	Number	(%)
TSE	48	(59%)
OTC	34	(41%)
Total	82	(100%)
Age of the parent company		
Less than 10 years	20	(24%)

11 ~ 20 years	40 (49%)
21 ~ 30 years	15 (18%)
31 ~ 40 years	7 (9%)
Total	82 (100%)
Firm Size by employment	
Less than 1000 empl.	57 (70%)
1000 ~ 2000 empl.	13 (16%)
2000 ~ 3000 empl.	2 (2%)
3000 ~ 4000 empl.	6 (7%)
Above 4009 empl.	4 (5%)
Total	82 (100%)
Ratio of stockholding	
JV	38 (46%)
WOS	44 (54%)
Total	82 (100%)

Table 2. Definition of manifest variables

LVs	MVs	Definition
Upper Limit	A	the amount of FDI outflow approved by the government
	M	the maximum amount of FDI outflow restricted by the government
Parent Macro	Depend	the export dependence on China and Hong Kong
	Ginvest	the investment amount of the government
	NC	the domestic consumption of Taiwan
	ReGNP	the real GNP of Taiwan
	Trade	the trade amount of Taiwan
Host Macro	CCPI	the consumer price index of China
	CGNP	the GNP of China
	CInvest	the investment amount of China
	CSave	the savings amount of China
	CTrade	the trade amount of China
Cost	Rateratio	the relative lending rate of bank
	LVITratio	the relative land value increment tax
	Exchangeratio	the relative exchange rate-NTD per RMB
	VATratio	the relative value added tax
	Wageratio	the relative wage of the manufacturing industry
FDI Outflow	N	the accumulated amount of FDI outflow
	n	the current amount of FDI outflow

Table 3. Summary of descriptive statistics Unit: Million NTD

Variable	N	n	A	M	Depend	Ginves
Mean	22,306,524	4,660,922	31,899,057	107,315,021	32.20	109,86
Median	14,050,484	3,039,423	24,234,455	105,734,762	34.12	109,54
Minimum	115,920	0	0	0	22.44	77,54
Maximum	46,186,505	21 161,879	115,439,231	366,674,407	44.09	160,51
Std.Dev	15,065,073	5,546,838	34,415,245	101,520,343	1.16	2,93
Variable	NC	ReGDP	Trade	Rateratio	LVITratio	Exchangerati
Mean	1,946,457	2,739,677	26,200	0.97	0.05	0.33
Median	1,944,212	2,646,841	24,162	1.00	0.05	0.22
Minimum	1,673,802	2,210,963	16,917	0.59	0.02	0.09
Maximum	2,246,721	3,399,463	41,261	1.38	0.07	1.19
Std. Dev	146,912	328,290	6,919	0.32	0.02	0.27
Variable	VATratio	Wageratio	CGDP	CCPI	CInvest	CSave
Mean	2.72	0.79	12,904,773	99.85	24,439,229	458,188
Median	1.80	0.76	10,851,040	99.60	17,399,964	286,407
Minimum	0.86	0.45	6,359,760	96.60	11,362,468	140,510
Maximum	8.11	1.18	30,418,400	104.90	52,799,136	1,433,611
Std. Dev	1.93	0.23	5,854,441	2.20	13,464,975	374,034
Variable	CTrade					

Mean	266,299
Median	204,316
Minimum	89,312
Maximum	602,080
Std. Dev	158,514

Table 4. AVE, CR and the R square values

	AVE	CR	R Square
Firm Specific	0.811	0.955	
Host Macro	0.894	0.976	
FDI Outflow	0.933	0.965	0.948
Parent Macro	0.788	0.908	
FDI Policy	0.988	0.994	

Table 5. Latent Variable Correlations

	Firm Specific	Host Macro	FDI Outflow	Parent Macro	FDI Policy
Firm Specific	1.000				
Host Macro	-0.875	1.000			
FDI Outflow	-0.794	0.952	1.000		
Parent Macro	-0.928	0.951	0.863	1.000	
FDI Policy	-0.880	0.981	0.961	0.938	1.00

Table 6. Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Deviation (STEER)	T Statistics (|O/STEER|)
Firm Specific → Outward FDI	0.070	0.064	0.048	0.048	1.458
Host Macro → Outward FDI	0.639	0.650	0.161	0.161	3.968
Parent Macro → Outward FDI	-0.420	-0.422	0.095	0.095	4.411
FDI Policy → Outward FDI	0.789	0.774	0.146	0.146	5.414

Table 7. Outer Weights (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (|O/STERR|)
A ← Upper Limit	0.509	0.509	0.002	0.002	211.027
M ← Upper Limit	0.497	0.497	0.002	0.002	273.420
CCPI ← Host Macro	0.187	0.187	0.004	0.004	41.998
CGNP ← Host Macro	0.214	0.215	0.005	0.005	47.562
CSave ← Host Macro	0.221	0.220	0.003	0.003	65.427
CTrade ← Host Macro	0.220	0.220	0.004	0.004	57.512
CInvest ← Host Macro	0.214	0.213	0.003	0.003	63.856
Depen ← Parent Macro	0.253	0.253	0.005	0.005	50.488
Ginvest ← Parent Macro	0.078	0.077	0.022	0.022	3.497
NC ← Parent Macro	0.207	0.206	0.009	0.009	23.054
ReGNP ← Parent Macro	0.273	0.273	0.007	0.007	39.668
Trade ← Parent Macro	0.270	0.270	0.007	0.007	40.729
Exchange ← Firm-specific	0.187	0.188	0.004	0.004	42.940
LVITratio ← Comp. Adv.	0.258	0.258	0.007	0.007	35.435

Rateratio ← Firm-specific	0.231	0.231	0.008	0.008	28.933
VATratio ← Comp. Adv.	0.175	0.175	0.006	0.006	27.565
Wageratio ← Comp. Adv.	0.256	0.256	0.007	0.007	35.894
N ← Outward FDI	0.547	0.548	0.016	0.016	33.663
n ← Outward FDI	0.488	0.488	0.005	0.005	90.391

Table 8. Structural relationships of the proposed model

Link in the model	Hypotheses	Parameter	T Statistics	Conclusion
FDI Policy → Outward FDI	H_1	0.789	5.414	Supported
Parent Macro → Outward FDI	H_2	-0.420	4.411	Supported
Host Macro → Outward FDI	H_3	0.639	3.968	Supported
Firm Specific → Outward FDI	H_4	0.070	1.458	Not Supported

Table 9. Weights obtained by the AHP method for each expert

Experts	C_{11}	C_{12}	C_{21}	C_{22}	C_{23}	C_{24}	C_{25}	C_{31}	C_{32}	C_{33}	C_{34}	C_{35}	C_{41}	C_{42}	C_{43}	C_{44}	C_{45}
01	0.150	0.299	0.046	0.046	0.019	0.017	0.028	0.075	0.047	0.103	0.247	0.060	0.022	0.014	0.010	0.017	0.015
02	0.263	0.088	0.022	0.020	0.047	0.044	0.057	0.102	0.059	0.045	0.194	0.068	0.019	0.024	0.013	0.018	0.035
03	0.139	0.139	0.038	0.016	0.021	0.049	0.039	0.059	0.102	0.068	0.249	0.089	0.018	0.049	0.031	0.024	0.041
04	0.312	0.156	0.028	0.014	0.019	0.062	0.037	0.024	0.051	0.038	0.354	0.082	0.010	0.039	0.014	0.008	0.025
05	0.208	0.208	0.031	0.023	0.027	0.052	0.052	0.032	0.048	0.048	0.083	0.083	0.012	0.032	0.017	0.015	0.03
average	0.214	0.178	0.033	0.024	0.027	0.045	0.043	0.058	0.061	0.060	0.071	0.076	0.016	0.032	0.017	0.016	0.029
	$C_{11}+C_{12}=C_1$ =0.392		$C_{21}+C_{22}+C_{23}+C_{24}+C_{25}=C_2=0.171$					$C_{21}+C_{22}+C_{23}+C_{24}+C_{25}=C_2=0.328$					$C_{21}+C_{22}+C_{23}+C_{24}+C_{25}=C_2=0.110$				

Table 10. The result of outward FDI MCDM model

Dimensions/ Evaluation Criteria	Weighting Factors of Dimensions	Rank of Dimensions	Weighting Factors of Evaluation Criteria	Rank Across Dimensions
C_1 FDI Policy	0.386	(1)		
C_{11}:A			0.214	(1)
C_{12}:M			0.178	(2)
C_2 Parent Macro	0.134	(3)		
C_{21} Depend			0.033	(10)
C_{22} Ginvest			0.024	(14)
C_{23} NC			0.027	(13)
C_{24} ReGNP			0.045	(8)
C_{25} Trade			0.043	(9)
C_3 Host Macro	0.327	(2)		
C_{31} CCPI			0.058	(7)
C_{32} CGNP			0.061	(5)
C_{33} CInvest			0.060	(6)
C_{34} CSave			0.071	(4)
C_{35} CTrade			0.076	(3)
C_4 Firm Specific	0.110	(4)		
C_{41} Rateratio			0.016	(16)
C_{42} LVITratio			0.032	(11)
C_{43} Exchangeratio			0.017	(15)
C_{44} VATratio			0.016	(16)
C_{45} Wageratio			0.029	(12)

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