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Global Meets Local: Community Political Ideology and Chinese Cross-Border M&As in the U.S.

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ABSTRACT

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Keywords: Community political ideology, cross-border M&A, Chinese MNEs, U.S.-China rivalry, sensitive industries, economic distress

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INTRODUCTION

The intensifying rivalry between major economic powers is reshaping the landscape of international business (IB), ushering in a new era defined by zero-sum thinking and heightened geopolitical priorities (Luo & Van Assche, 2023). Rival countries have increasingly adopted state intervention measures (e.g., tariffs, sanctions, and subsidies) against each other to protect their national security and economic interests (Li, Shapiro, Ufimtseva, & Zhang, 2024). For example, China's ascent to the position of the world's second-largest economy, trailing only behind the United States (U.S.), has triggered heightened competition and escalating tensions between these two economic giants, which are evidenced by the trade war and tech war that have unfolded in recent years (Allen, 2023; Liu & Woo, 2018). The growing politicization of IB underscores the importance of evolving political regimes, calling for a more comprehensive and up-to-date understanding of political factors and their impact on multinational enterprises (MNEs) (Beugelsdijk & Luo, 2024).

To answer this call, this study investigates an important yet understudied political factor—*community political ideology*—defined as the dominant political ideology along the liberalism-conservatism spectrum among a community's members. Existing research on political ideology has primarily focused on *micro*-level political ideology, examining the political ideology of individuals such as CEOs, directors, and employees (Bermiss & McDonald, 2018; Chin, Hambrick, & Treviño, 2013; Gupta & Wowak, 2017). In contrast, there has been relatively little research on *macro*-level political ideology (e.g., the dominant political ideology within a broader population) and its influence on IB. The limited studies that have touched on *macro*-level political ideology typically examine a country's political ideology and treat it as a boundary condition that moderates how other factors affect domestic firms' performance and local activities (e.g., Aguilera, Duran, Heugens, Sauerwald, Turturea, & VanEssen, 2021; Bennett, Boudreaux, & Nikolaev, 2023). Still, we know little about how *macro*-level political ideology directly impacts MNEs' global activities. To address this lacuna, we develop community political ideology as a macro-level construct and examine its influence on cross-border M&As between rival countries. We argue that community political ideology is a significant political factor influencing

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MNEs because it shapes local communities' perceptions and attitudes toward foreign firms from rival countries. For instance, a U.S. survey shows that Republicans (with conservative ideology) view China more negatively than Democrats (with liberal ideology), though criticism has been increasing in both parties (Silver, Devlin, & Huang, 2020).

Building on the political psychology literature (Jost, 2017; Jost, Glaser, Kruglanski, & Sulloway, 2003), we argue that conservative communities have a stronger motive and need to avoid threat and uncertainty than liberal communities. Accordingly, they are more likely to perceive cross-border M&As from rival countries as sources of threat and uncertainty and therefore strongly resist these deals by influencing regulators and involved parties. Using Chinese MNEs' M&As in the U.S. as a research context given the intensified rivalry between these two countries (Li et al., 2024), we argue that the U.S. communities with a greater proportion of residents supporting conservative ideology tend to have stronger resistance and opposition against Chinese M&As, thereby diminishing the likelihood of completion of Chinese cross-border M&As in these communities. Moreover, we argue that the negative effect of community conservatism on deal completion is further enhanced when the deals target sensitive industries that amplify the threats to national security, and when the communities suffer from economic distress that strengthens the perception of uncertainty. Our analysis based on a dataset of 267 M&A deals pursued by Chinese public firms in the U.S. from 2002 to 2021 confirmed these arguments.

Our study makes several important contributions. First, we add to the growing body of IB research on geopolitical rivalry (e.g., Li et al., 2024; Luo & Van Assche, 2023) by introducing a novel political factor—community political ideology—that significantly influences MNE activities between rival countries. While recent IB research has focused largely on geopolitical rivalry at the country level, there is limited understanding of what drives local communities' reactions toward rival countries. Our study addresses this gap by identifying community political ideology as an important factor that shapes local communities' perceived threats and uncertainty of MNEs from rival countries, which ultimately influence the success of these MNEs' investments in those communities.

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Second, our study contributes to political ideology literature by extending the focus from the micro-level to the macro-level, examining the collective political ideology of external communities rather than the individual ideology of corporate members (e.g., Gupta & Wowak, 2017; McDonnell & Cobb, 2020). In particular, our study extends political ideology research into an international context and reveals that the political ideology of a community exerts a significant impact on MNEs' foreign investment. Our study is thus among one of the first to study how macro-level political ideologies in host countries directly influence foreign MNEs, particularly from rival countries.

Lastly, our study advances cross-border M&A research by revealing a new determinant of cross-border M&A completion. Prior research on cross-border M&A completion has examined institutional factors at the national level such as institutional differences (Dikova, Sahib, & van Witteloostuijn, 2010; Zhou, Xie, & Wang, 2016) and institutional quality (Kim & Song, 2017; Zhang, Zhou, & Ebbers, 2011). Our study extends the focus from institutional factors at the national level to political ideologies at the community level, offering a fine-grained perspective into how subnational differences within a single target country influence cross-border M&A completion.

THEORETICAL DEVELOPMENT

Research on Political Ideology

Political ideology refers to a set of assumptions, values, and beliefs about the governance of society in terms of the desirable goals and the means of achieving them (Chin et al., 2013; Wang, Du, & Marquis, 2019). Proponents use the ideas and beliefs embodied in a political ideology to filter external information and confine their behavior choices to a limited range that suits their values (England, 1967; Hamilton, 1987). While there are several ways to conceptualize political ideology, the liberal-conservative (i.e., left-right) spectrum has been widely considered the most meaningful and parsimonious way to classify political ideologies (Schwartz, 1996; Semadeni, Chin, & Krause, 2022). Prior work has identified that conservatism is linked to intolerance of ambiguity, fear of loss and threat, dogmatism, and personal needs for order, structure, and cognitive closure, whereas liberalism is associated with openness to new experiences, cognitive complexity, and tolerance of uncertainty (Jost et al., 2003; Jost, Nosek, & Gosling,

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2008). The liberal-conservative spectrum is particularly relevant in the U.S. political context (Bonanno & Jost, 2006; Poole & Rosenthal, 1984).

Prior management research on political ideology has primarily focused on how the individual-level political ideology of corporate leaders (e.g., CEOs and boards of directors) and organization-level political ideology affect firm strategies and outcomes. For example, prior studies have shown that CEOs' political ideology affects firms' corporate social responsibilities (Chin et al., 2013), pay gap (Briscoe & Joshi, 2017), and corporate risk strategies (Christensen, Dhaliwal, Boivie, & Graffin, 2015). Moreover, directors' political ideology has been found to influence boards' decisions about CEO compensation (Gupta & Wowak, 2017), CEO dismissal (Park, Boeker, & Gomulya, 2020), and director exit (McDonnell & Cobb, 2020). By aggregating individual-level political ideology into the organizational level, extant research has developed the concept of organizational political ideology, which is a composite of organizational members' ideologies (Gupta, Briscoe, & Hambrick, 2017). Specifically, the misfit between employees' ideologies and their organization's ideology could lead to employee departure (Bermiss & McDonald, 2018).

Community Political Ideology

While extant management research on political ideology has extensively studied the ideologies of internal members (e.g., CEO, directors, and employees) within a firm, relatively less attention has been devoted to understanding how the political ideologies of external communities influence firms. An exception to this is a recent study by Barber and Blake (2024), which investigated the ideological distance between a firm and a potential location, finding that firms are more likely to select a location that is ideologically similar to their existing facilities. Barber and Blake (2024) consider a location's political ideology as the prevailing ideology along the liberal-conservative spectrum held by the population residing in the location. Following this logic, we aggregate individuals' political ideologies within a community to

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derive the community's political ideology.[1] We define *community political ideology* as the dominant political ideology among a community's members. Specifically, community conservatism (liberalism) refers to the proportion of residents in the community supporting conservative (liberal) ideology. We argue that community political ideology serves as the prevailing beliefs and shared values of the community, shaping the perceptions and guiding the actions of community members. Given that community stakeholders exert substantial influence on firms (Eesley & Lenox, 2006; Hawn, 2021), we posit that a community's political ideology could be an influential factor for firms as it shapes local community members' views and actions toward them.

According to the political psychology literature, two relatively stable, core dimensions were identified to capture the most significant and enduring differences between liberal and conservative ideologies: (a) attitudes toward social change versus tradition and (b) attitudes toward inequality (Jost et al., 2003). Regarding the first dimension, while liberals embrace social changes and welcome new experiences, conservatives are inclined to maintain what is traditional and familiar and resist change (Jost, Federico, & Napier, 2009). The conservative thought—resistance to change—is particularly tied to the avoidance of uncertainty and the striving for stability as conservatism prefers conventional attitudes and institutions, religious dogmatism, and resistance to scientific progress (Wilson, 1973). Regarding the second dimension, liberals and conservatives diverge in that liberals advocate for greater equality, while conservatives view society as inevitably hierarchical (Giddens, 1998). Conservatives' endorsement of inequality is linked to their fear of threats that could destroy the existing hierarchical social order and lead to the potential loss of their socioeconomic status (Jost et al., 2008). Taken together, the two core values of political conservatism, namely resistance to change and acceptance of inequality, are conceptually distinguishable and psychologically interrelated (Jost et al., 2003). These values constitute the substance of conservative ideology—the maintenance of tradition and status quo and the justification of

[1] Our research differs from that of Barber and Blake (2024) in that their study focuses on the ideological distance between a location and a firm's facilities, while our study focuses on the political ideology (conservatism vs liberalism) per se within a location.

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hierarchical, unequal forms of social organization—which eventually translate into a strong motive and need to avoid uncertainty and threat in a way that liberal ideology seldom does (Jost, 2017).

Building on the political psychology literature, we argue that a key distinction between the conservative community and liberal community lies in their respective sense making and interpretation of the reality consistent with their perceptions and attitudes toward potential threats and uncertainty. Communities with a prevailing conservative ideology have a stronger desire for uncertainty avoidance and threat management than liberal communities. Therefore, facing the same economic activity, a conservative community may experience or perceive more threat and uncertainty than a liberal community. Thus, such economic activity will receive stronger resistance and opposition from conservative communities. Conversely, communities with a more liberal ideology are more tolerant of threats and uncertainty if there are any, making them less likely to react with strong opposition. In the following sections, we will discuss how community political ideology influences the cross-border M&As between rival countries.

Community Political Ideology and Cross-Border M&As Between Rival Countries

We contend that community political ideology is an important factor shaping the community's perception of and attitude toward cross-border M&As pursued by foreign acquirers whose home countries are deemed as political and economic rivals. In particular, conservative communities tend to perceive higher levels of threat and uncertainty associated with cross-border M&As from rival countries compared to liberal communities due to the former's stronger need to preserve the status quo and greater fear of loss.

First, conservative communities perceive greater material and symbolic threats related to cross-border M&As from rival countries. The potential loss of control over local businesses is seen as a direct threat to the community's economic status and stakeholder interests. This concern is particularly salient when foreign acquirers are from rival countries because cross-border technological acquisitions by foreign rivals may threaten the target countries' national security under rising techno-nationalism (Luo, 2022). Also, post-acquisition integration may involve resource reallocation and job cuts, adding to the fear of loss for the community. Moreover, the perception of material threats to national and economic

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security could even evolve into a fear of symbolic threats to the values and beliefs that the community upholds (Stephan, Renfro, Esses, Stephan, & Martin, 2005). In contrast, liberal communities, which typically embrace new experiences and emphasize equality, may be more willing to allow foreign acquirers from rival countries to take over local entities and accept the inherent risks of such transactions, viewing them as opportunities for economic growth rather than as sources of threats.

Second, conservative communities perceive heightened uncertainty associated with cross-border M&As from rival countries. Since countries engaged in systemic rivalry often differ markedly in political systems and economic models (Small, 2020), cross-border M&As from rival countries can create a great deal of uncertainty in the eyes of conservative communities. This uncertainty arises from concerns that the acquired firms may undergo significant changes to align with the political and economic agendas of the rival countries. In particular, the local community's unfamiliarity with foreign acquirers from rival countries likely further amplifies the perceived uncertainty. Therefore, conservative communities that prefer stability and familiarity often express heightened apprehensions regarding the uncertainties caused by foreign acquirers from rival countries due to their different national systems, organizational routines, strategic directions, and business practices. Conversely, liberal communities are more tolerant of uncertainty and less sensitive to change, making them less likely to oppose cross-border M&As from rival countries.

Overall, we argue that communities with a prevailing conservative ideology are more likely to perceive cross-border M&As from rival countries as sources of threat and uncertainty. As a result, they are more inclined to oppose and resist these transactions in order to avoid potential losses and maintain a sense of certainty.

HYPOTHESES

Chinese MNEs' M&As in the U.S. as a Research Context

We test our theoretical arguments using Chinese MNEs' M&As in the U.S. as a context given the intensified rivalry between China and the U.S. (Li et al., 2024). Over the past four decades, China's rise as a major economic power has induced a significant transformation in the global competitive landscape.

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Research shows that rising Chinese imports caused higher unemployment, lower labor force participation, and political inclination toward conservatism (Autor, Dorn, & Hanson, 2013; Autor Dorn, Hanson, & Majlesi, 2020). To mitigate the perceived economic threats posed by China, the U.S. government under the Trump administration initiated the U.S.-China trade war in 2018 by raising tariffs on a significant portion of Chinese imports (Fajgelbaum & Khandelwal, 2022). More recently, as China aims to rapidly expand high-tech sectors and develop advanced manufacturing bases, its tech rivalry with the U.S. is ramping up and is perceived as a threat to the U.S.'s technological prowess in advanced industries (McBride & Chatzky, 2019). In response to China's innovation catch-up, in 2022, the U.S. passed the CHIPS and Science Act to solidify its lead in the semiconductor industry and contain China's rise in high-tech sectors. This Act is seen as the U.S.'s embrace of techno-nationalism in its economic and technological competition with China (Luo & Van Assche, 2023).

Given the intensifying competition between China and the U.S., Chinese cross-border M&As in the U.S. often raise severe concerns associated with national security, economic competitiveness, and intellectual property protection. First, many Chinese acquirers are state-owned firms that suffer from the lack of credible information to stakeholders and legitimacy concerns in target countries (Li, Li, & Wang, 2019). The intertwined nature of the Chinese government and its corporations raises suspicions about the potential alignment of business interests with political agendas, creating national security concerns (Cuervo-Cazurra, Inkpen, Musacchio, & Ramaswamy, 2014). In particular, the Chinese government holds different political systems and ideologies compared to the U.S. government. Such political differences tend to increase the perceived threat posed by a Chinese acquisition in the U.S. because of the greater conflict potential in both the economic and political domains (Bertrand, Betschinger, & Settles, 2016). Moreover, the acquisitions of U.S. high-tech companies by Chinese firms have sparked worries about the loss of intellectual properties and the transfer of advanced technologies (O'Connor, 2019), as these acquisitions could potentially undermine U.S. technological leadership and competitiveness in strategic industries.

Community Conservatism and the Completion of Chinese Cross-Border M&As in the U.S.

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Compared to a liberal community, a conservative community tends to perceive higher levels of threat and uncertainty associated with cross-border M&As pursued by a rival country. Therefore, Chinese MNEs' M&A deals targeting U.S. firms located in more conservative communities are likely to encounter stronger opposition and resistance from local conservative stakeholders, making these deals less likely to be completed. We focus on *deal completion* as an outcome influenced by community political ideology because community stakeholders usually become aware of and voice their opinions on an M&A deal after its public announcement (Hawn, 2021). An M&A generally consists of two stages: *private takeover process*, in which two parties have an initial, private negotiation and sign a preliminary contract, and *public takeover process*, which starts with a public announcement of the deal and ends with a public resolution (i.e., completion or abandonment) (Boone & Mulherin, 2007; Dikova et al., 2010). Deal completion specifically refers to the completion of a publicly announced M&A deal in the public takeover stage and represents a fundamental goal in this stage (Muehlfeld, Rao Sahib, & Van Witteloostuijn, 2012).

We argue that community conservatism could reduce the completion likelihood of Chinese M&As in the U.S. through two underlying mechanisms. First, conservative communities could voice concerns about the threat and uncertainty posed by Chinese M&As, thereby influencing regulators to block these deals. Conservative communities tend to fear that Chinese ownership of their local companies could lead to the transfer of sensitive technologies, loss of jobs, and undue influence over critical industries. These fears eventually lead to heightened pressure on regulators to intervene in these deals. For example, when Zhongwang, a Chinese aluminum company, sought to acquire Aleris, an American aluminum producer based in Ohio, in 2016 for $2.33 billion, the local community in Ohio expressed serious concerns about job security, economic stability, and national security. Local workers used their union—the United Steelworkers—to ask that the Committee on Foreign Investment in the United States (CFIUS) reject the proposed acquisition of Aleris by Zhongwang. Aiming to protect Ohio steelworkers, U.S. Senator Rob Portman, an Ohio Republican, also demanded the U.S. government reject this deal, citing the potential risks to both local jobs and national security (Ripon, 2016). The active engagement

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and resistance from the Ohio community contributed to the scrutiny of the acquisition by CFIUS, which ultimately played a key role in blocking the deal.

Second, conservative communities' resistance toward an announced deal could undermine its potential value, leading the involved parties—the acquirer and the target—to reconsider and even abandon the deal. A backlash from local communities following a deal announcement could lead to the departure of key personnel, loss of brand value, and termination of business relations with local partners and customers, all of which diminish the strategic value of target firms. Since the primary goal of Chinese M&As in the U.S. is to acquire strategic assets such as technologies, R&D capabilities, brands, and managerial skills (Deng, 2009; Luo & Tung, 2007; Rui & Yip, 2008), the erosion of these assets may compel Chinese acquirers to abandon the proposed deal. Moreover, local resistance and hostile attitudes toward an announced deal increase the perceived challenges of post-acquisition integration and value creation, discouraging both parties from moving forward with the transaction. For example, in South Texas, the local conservative community's worries over the wind farm being developed by GH America Energy, which is controlled by a Chinese firm, quickly torpedoed the project in 2021 (Coronado, 2023). Such local resistance not only prevents Chinese firms from acquiring wind farms but also pressures them to divest their interests in existing projects across Texas (Coronado, 2023).

Taken together, we argue that although local communities are not the decision-makers of the M&A deals, they can influence the regulators to reject the deal after strict scrutiny and change the involved parties' decisions to give up the deal. In other words, community political ideology exerts an indirect effect on deal completion by influencing the regulatory decisions and strategic decisions of acquirers and targets. Therefore, we expect Chinese cross-border M&A deals to trigger stronger resistance when the target firms are located in U.S. communities with a higher proportion of conservative residents, thereby reducing the likelihood of successful completion in those communities. Accordingly, we predict:

> *Hypothesis 1: Chinese cross-border M&As in the U.S. are less likely to be completed if the target firm's community has a stronger conservative ideology.*

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Moderators Enhancing the Perceived Threat and Uncertainty Related to the M&As

As discussed above, the negative effect of community conservatism on the completion likelihood of Chinese cross-border M&As in the U.S. is driven by the heightened threat and uncertainty perceived by conservative communities, which eventually result in stronger resistance against Chinese cross-border M&As. We further posit that the extent to which Chinese cross-border M&A deals are perceived as sources of threat and uncertainty by conservative communities is not fixed, but rather varies depending on deal- and community-level factors. First, deal-level factors that exacerbate the negative consequences of Chinese M&As could increase perceived threats in conservative communities. Second, community-level factors that feature unfavorable conditions could enhance perceived uncertainty in conservative communities. Accordingly, we focus on whether the M&A deals are in sensitive industries and whether the target communities suffer from economic distress as two contingent factors that can further enhance the threat and uncertainty perceived by conservative communities, thereby strengthening the negative effect of community conservatism on the completion of Chinese M&As in the U.S.

The moderating effect of M&A deals in sensitive industries

We argue that Chinese M&As targeting sensitive industries in the U.S. can enhance the negative effect of community conservative ideology on deal completion because these deals increase perceived threats and concerns from conservative communities. Sensitive industries refer to sectors that are critical to national security, where foreign ownership or control may pose potential risks (Zhang et al., 2011). These industries typically include critical technologies (e.g., semiconductors, artificial intelligence), defense, energy, and infrastructure. U.S. regulatory bodies, such as the CFIUS, closely scrutinize foreign investments in these industries to prevent undue influence or access to sensitive information, resources, or technologies that could compromise national interests (Li et al., 2024).

When Chinese acquirers target U.S. firms in sensitive industries, conservatives often exhibit greater resistance due to their heightened perception of substantial threats posed by these deals. Many conservatives fear that allowing Chinese firms to control key U.S. industries could weaken the nation's economic and political dominance and increase its dependence on a strategic rival. For example, the 2017

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attempted acquisition of Lattice Semiconductor by Chinese-backed Canyon Bridge Capital Partners was blocked by President Trump over concerns that China could gain access to sensitive technology (Baker, 2017). Similarly, in 2018, the U.S. government blocked the acquisition of MoneyGram by China's Ant Financial, citing national security concerns over the potential access to sensitive financial data and the risk of foreign influence in the U.S. financial system (Swanson & Mozur, 2018). In contrast, while liberals may also view M&A deals in sensitive industries as an increased threat, their concern is generally less intense than that of conservatives, as liberals tend to be more tolerant of change and less fearful of loss.

Overall, we argue that Chinese M&As in U.S. sensitive industries could further intensify fears in conservative communities that Chinese control over strategic assets might undermine U.S. interests and national security. The heightened threat perceived by conservative communities will eventually translate into increased opposition and resistance to Chinese M&As in sensitive industries. Specifically, conservative communities could express grave concerns and exert strong influence on regulatory bodies (e.g., CFIUS) to block the deal; their serious opposition could also diminish the deal's potential value, forcing the involved parties to abandon the transaction. As a result, M&As in sensitive industries act as an important boundary condition in amplifying conservative stakeholders' concerns over Chinese acquirers and increasing their resistance against Chinese cross-border M&As, thereby enhancing the negative impact of conservative community ideology on the completion of Chinese cross-border M&As. Accordingly, we predict:

> *Hypothesis 2: The negative effect of community conservative ideology on the likelihood of completion of Chinese cross-border M&As in the U.S. is strengthened if the M&A deals are targeting U.S. sensitive industries.*

The moderating effect of economic distress in target communities

We further propose that the economic distress in target firms' communities strengthens the negative effect of community conservatism on the completion of Chinese cross-border M&As. This is because economic distress represents an unfavorable condition, under which conservatives become more sensitive and hostile to potential threats and uncertainty posed by rival countries. Indeed, prior research shows that

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exposure to distressed environments enhances conservative political ideology and heightens the need to manage threats and uncertainty (Bonanno & Jost, 2006). In regions experiencing economic challenges such as high unemployment rates, conservative communities' concerns about job security, economic resilience, and the overall well-being of the community are magnified (Tingley, Xu, Chilton, & Milner, 2015). Moreover, economic distress could even give rise to economic nationalism among conservatives (Colantone & Stanig, 2018; Inglehart & Norris, 2016), aiming to shield domestic businesses from external threats of foreign investment.

Therefore, in economically distressed communities, conservatives are more hostile toward Chinese acquirers because the latter may easily disrupt the former's already fragile economic conditions. The existing hardships in the local economy intensify conservative community members' concerns over employment reduction, investment cuts, and increased competition, which may be potentially caused by Chinese inward M&As. These heightened apprehensions among local conservative stakeholders are rooted in the fear that M&As by a geopolitical rival like China may exacerbate existing economic challenges rather than contribute to local revitalization. Conversely, in economically advanced communities, conservative stakeholders' fear about the threats posed by Chinese cross-border M&As is alleviated because the local economy has abundant resources and superior advantages to offset the potential negative consequences caused by Chinese cross-border M&As. On the contrary, liberals may perceive and interpret Chinese inward M&As differently under economic distress. Given they are more open-minded toward uncertainties and changes, they may perceive Chinese M&As to bring new opportunities and to generate new jobs and hence even are likely to welcome such investments into their communities.

Taken together, we argue that the economic distress within the community amplifies the perceived threats and uncertainty associated with Chinese cross-border M&As, making conservative communities more forcefully oppose inward M&As from China to safeguard their fragile local economy. As such, we predict:

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Hypothesis 3: The negative effect of community conservative ideology on the likelihood of completion of Chinese cross-border M&As in the U.S. is strengthened if the communities are experiencing economic distress.

METHODS

Data and Sample

We created a dataset of M&A deals conducted by Chinese public firms in the U.S. from 2002 to 2021. We started our observation in 2002 because China acceded to the World Trade Organization (WTO) in late 2001. Before joining the WTO, there was a minimal number of Chinese M&As in the U.S. due to a lack of experience and resources for global expansion. We obtained the M&A data from the Mergers and Acquisitions section of the Securities Data Company (SDC) Platinum Database, which has been extensively used in prior M&A research. This database provides information on announcement dates, completion status, acquiring and target firm information, and specific deal information. We define the target firm as a U.S. firm if its ultimate parent is located in the U.S. as reported by SDC. Following earlier research (Li et al., 2019), we excluded asset purchases, leveraged buyouts, rumored deals[2], joint ventures, internal transactions such as recapitalizations & buybacks, and deals where foreign firms acquired local firms through their U.S. subsidiaries. We only included M&A deals conducted by Chinese public firms attempting to obtain majority ownership of U.S. target firms in our sample. We cross-checked our sample information with other databases including Bloomberg, Zephyr, and WIND to ensure that our information was accurate.

For data at the firm level, we manually matched our dataset with the database of China Stock Market & Accounting Research (CSMAR) to obtain detailed firm-level information such as state ownership and historical financial performance of the acquiring firms. For data at the community level, we manually collected county-level political ideology and other state/county-level characteristics in the U.S. from public websites. We collected county-level presidential election popular vote results from the website *The American Presidency Project (APP)*, which provides the most complete presidential

[2] The results remain consistence when rumored deals are considered as failed cases.

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documents on the Internet. Also, we verified our electoral voting record with the Townhall County election database[3]. County-level economic data (unemployment rate) was obtained from the U.S. Census and UN Comtrade Database. We cross-checked the county in which each target firm is headquartered through Bloomberg, LinkedIn, and the *OpenCorporates.com* website.

In total, we recorded 267 M&A deals conducted by 173 Chinese public firms in the U.S. across 38 states and 104 counties. Among them, 60.7% of those announced deals were completed. 45.8% of the deals were taken in high-tech industries (55.7% completion rate). In terms of time trends, 1/3 of the deals happened from 2015 to 2017. Table 1 demonstrates the sample distribution by industry (Panel A), target state (Panel B), target county (Panel C), and year (Panel D). Consistent with prior research (Buckley, Clegg, Cross, Liu, Voss, & Zheng, 2007), we find that Chinese acquirers are asset and resource seekers, targeting firms located in more economically developed states or states endowed with more natural resources such as California, Delaware, Texas, New York, Florida, and Massachusetts. The most popular target industries were Manufacturing, Electronic and Electrical Equipment, Telephone Interconnect Systems, Communication, and Business Services. However, there are large variations in completion rates across both target states and target counties, leaving room for further explanation to account for such variations.

*** Insert Table 1 here ***

Variables and Measurement

Dependent variable

The dependent variable is *deal completion*, which refers to whether an announced cross-border M&A deal was completed or not. Following prior literature (e.g., Bu et al., 2023; Dikova et al., 2010; Zhou et al., 2016), we coded completed deals as 1 and others as 0. In our sample, the average time for deal completion is 137 days. In line with prior research (Zhou et al., 2016), we considered the deals that were

[3] https://townhall.com/election/2016/president/az/county

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still pending until December 2023, which is two years after 2021 (our ending observation year), as incomplete and coded them as 0.

Independent variable

County conservative ideology. Building on prior studies (Bonaparte, Kumar, & Page, 2017; DellaVigna & Kaplan, 2007), we measured community political ideology using the presidential election results at the county level. Specifically, we coded *county conservative ideology* as the percentage of votes for the Republican candidate in the focal county. We analyzed six presidential elections in the U.S. in 2000, 2004, 2008, 2012, 2016, and 2020 as a community's political ideology could change over time from election to election (Brace, Arceneaux, Johnson, & Ulbig, 2004). We then used the election results to predict deal completion for the following four years until the next election. For instance, we used the 2000 election result to forecast deal completions from 2001 to 2004. As a robustness test, we employed the trend-based linear interpolation method to fill in the values of the years with no presidential election voting records. Our results with such trend smoothing imputation yielded consistent findings.

Moderating variables

Sensitive industry. Regulatory agencies such as CFIUS have historically imposed significant political barriers on cross-border M&As. To measure the "sensitive industries" in which the target firms are operating, we analyzed CFIUS's annual reports (2008–2021)[4]. CFIUS categorizes transactions into four broad sectors: (1) Finance, Information, and Services; (2) Manufacturing; (3) Mining, Utilities, and Construction; and (4) Wholesale Trade, Retail Trade, and Transportation. Drawing from these classifications, we identified sub-sectors (based on three-digit NAICS codes) that accounted for over 90% of investigated deals in their categories. This yielded 11 NAICS codes: 221, 325, 333, 334, 335, 336, 488, 511, 517, 518, and 541[5]. These correspond to industries that receive heightened regulatory review by

[4] https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius/cfius-reports-and-tables

[5] These sub-sectors align with industries explicitly tied to U.S. national security infrastructure under section 721(b)(2)(E) of the Defense Production Act of 1950 (50 U.S.C. App. 2170). This is amended by the Foreign Investment and National Security Act of 2007 (FINSA), which emphasizes scrutiny of transactions in industries tied to critical infrastructure, advanced technology, and national security (Georgiev, 2008).

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CFIUS. We provide a list of these most reviewed NAICS sub-sector codes and their corresponding industries in Online Appendix Table A3. We thus code *sensitive industry* as 1 if the target firm operates within these most reviewed NAICS subsectors, and 0 otherwise.

Economic distress. We measured county economic distress using a county's unemployment rate one year prior to the deal announcement (Eckert, Fort, Schott, & Yang, 2020; Tingley et al., 2015). For instance, we used the 2001 county-level unemployment rate as the moderator for deals announced in 2002. The results remain the same if using the average unemployment rate of the previous two years at the county level as the moderator. In the robustness check section, we further used per capita personal income change at the county level over the last three years as an alternative measure of economic distress.

Control variables

We controlled for deal-, firm-, and location-level factors that could influence deal completion. At the deal level, we controlled for *deal size*, measured as the logged value of the transaction (in millions of dollars) (Lee & Caves, 1998), which may negatively influence the completion likelihood because of the difficulty of closing big deals; *deal attitude*, with friendly deals coded as 1 and hostile ones coded as 0 (Lang, Stulz, & Walkling, 1989)*; payment type*, measured as the percentage of cash payment (Moeller, Schlingemann, & Stulz, 2007), which may influence the likelihood of completion as the stock transaction is more complicated and may lead to unexpected failures in the deal (Weston & Jawien, 1999); and *percentage of stake*, measured by the percentage of ownership sought after by the acquirer, which could negatively affect the likelihood of completion due to greater perceived control (Dikova et al., 2010; Zhou et al., 2016).

We controlled the firm-level factors such as *acquirer size*, measured by the logarithm of total assets in millions of dollars; *acquirer leverage*, measured as the ratio of long-term debt to equity; and *acquirer performance*, measured by return on assets. We further controlled whether the acquirers are state-owned enterprises (SOEs) since SOEs may encounter more thorough regulatory scrutiny (Li et al., 2019). The variable *SOE acquirer* was coded as 1 if an acquirer's immediate or ultimate owner was any level of the Chinese government (Li, Zhang, & Shi, 2020; Zhang, Li, & Li, 2014). Media play an

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important role in influencing stakeholders' attitudes toward M&A deals (Hawn, 2021; Yiu, Wan, Chen, & Tian, 2024). We thus controlled for both media coverage and media sentiment. *Media coverage* is measured by the number of media reports about the acquiring firm by U.S. media in the year prior to the focal deal using the FACTIVA Global News Database. To measure media sentiment, we obtained the Event Sentiment Score (ESS) from RavenPack. The scores range from 0 to 100 (50 or above was coded as a positive tone by the database). We calculated *positive media coverage* as the average sentiment scores of all news about an acquiring firm throughout the year. A higher value of this variable indicates a more positive media tone toward the acquiring firm. We also controlled *industry difference*, coded as 1 if the acquirer is in a different industry than the target based on the 3-digit SIC code and 0 otherwise. We further controlled *acquirer foreign experience*, measured as the number of foreign acquisitions made by an acquiring firm in the past five years prior to the focal acquisition. The acquirer can accumulate foreign acquisition experiences which help enhance their later acquisition performance (Muehlfeld et al., 2012).

We further controlled for county-level and state-level factors that may influence the county-level political ideology and the success of cross-border M&A deals. Previous literature documented that firms may make acquisition decisions due to bandwagon pressures (Mcnamara, Haleblian, & Dykes, 2008). Therefore, the number of previous foreign acquisitions in a focal county should influence the success of cross-border acquisitions. We thus controlled the *number of previous foreign acquisitions* in the focal county five years before the focal deal. We also controlled county-level economic situations including *GDP growth*, measured by a county's annual GDP growth rate, and the *Trade share of GDP*, measured by the percentage of trade in a county's total GDP. At the state level, we controlled the *state political ideology*, measured as the number of years since the last democratic governor in the focal state. Lastly, we included industry dummies and year dummies to control for any industry or time-specific effects.

Estimation Methods and Sample Selection Issue

In line with earlier studies (Dikova et al., 2010; Zhou et al., 2016), we conducted a probit regression analysis on the probability of deal completion. However, since it is likely that the acquiring firms deliberately chose several selected counties based on the county's political ideology, what we observed

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could be a selected sample of outcomes. To address this sample selection issue, we employed the Heckman two-stage model with at least one exclusion restriction to estimate what kinds of counties can be selected by Chinese acquirers to conduct M&As in the first stage (Heckman, 1979). The exclusion restriction, which is conceptually similar to an instrumental variable, appears in the first-stage selection model and predicts whether an observation appears in a sample so that it should be highly correlated with the dependent variable in the first-stage selection model, but uncorrelated with the second-stage error term.

Following prior studies on location choice (Li et al., 2020), we built a location choice set in our first stage and then conducted a conditional logit model to estimate the location choice of a focal deal. This location choice set includes all potential host counties that have ever received at least one Chinese acquisition during the observation period (2002-2021). In the first stage, we matched each cross-border M&A to the potential host counties and constructed a deal-county level sample. The dependent variable in the first stage is *location choice*, which was coded as 1 if a county was selected as the target county of a focal M&A deal and coded as 0 for all other counties that were not selected as the target county. We used the *geographical distance between the focal county and the large hub airport*[6] as the exclusion restriction in the first stage. Previous literature documented the importance of connectivity (e.g., proximity to international airports) in MNEs' location decisions (Belderbos, Du, & Goerzen, 2017; Strauss-Kahn & Vives, 2009). Airports facilitate cross-border travel, logistics, and communication, which are critical for foreign investors when selecting locations. Counties closer to international airports are thus more attractive to Chinese firms for logistical and operational reasons. On the other hand, this instrument is exogenous under the assumption that, after controlling for other factors, the distance to the nearest international airport does not directly influence the likelihood of completing a cross-border acquisition except through its influence on county selection as the completion of acquisition deals depends on factors such as regulatory approvals, negotiation dynamics, and firm-specific characteristics. We further included

[6] For Airport information: Bureau of Transportation Statistics: https://www.transtats.bts.gov; https://www.faa.gov/;

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other county-level variables that influence the location choice of the acquirers in the first stage. Table 2 presents the first-stage selection model with the exclusion restriction, which is a strong predictor in our selection equation, with a significant coefficient (*b*=-0.011) and a *p*-value less than 0.05, satisfying the relevance condition for an effective instrument (Model 2 of Table 2). We then calculated the inverse Mills ratio and included it as an additional control variable in the second stage model.

Insert Table 2 here

RESULTS

Table 3 presents the descriptive statistics and correlations of the variables. The mean value of deal completion is 0.607 with a standard deviation of 0.492, showing that about 40 percent of deals are not completed. The correlation between *deal completion* and *county conservative ideology* is negative and significant, lending initial support for our hypothesis. The average unemployment rate of the U.S. counties is 5.8%. 39.1% of the target firms are operating in sensitive industries. About 20% of the acquirers are SOEs and this proportion is consistent with previous research on Chinese SOEs' cross-border acquisitions (Li et al., 2019). The variance inflation factors (VIF) are below 1.43 for all variables with an average of 1.21, which is below the threshold value of 2.5 recommended for identifying multicollinearity problems (Allison, 2012).

Insert Table 3 here

In Table 4, Model 1 is the baseline model and the result shows that it is more difficult for *SOE acquirer* to complete a deal (*b*=-0.604, *p*=0.005), consistent with previous literature (Li et al., 2020; Shi, Hoskisson, & Zhang, 2016); it is also challenging to make acquisitions in *sensitive industry* (*b*=-0.026, *p*=0.051); and both the county-level *GDP growth* (*b*=5.749, *p*=0.010) and *trade share of GDP* (*b*=2.272, *p*=0.017) have a positive influence on the likelihood of completion. The inverse Mills ratio is positively significant (*b*=0.005, *p*=0.047), indicating that our model has successfully adjusted for the sample selection bias.

Insert Table 4 here

In Model 2, we found a negative and significant effect of *county conservative ideology* on the

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likelihood of completion of Chinese M&A deals in the U.S. (*b*=-2.913, *p*=0.006). Following Wiersema and Bowen (2009), we computed the marginal effect of *county conservative ideology* over its range of variation for this nonlinear model. The marginal effect of *county conservative ideology* at the sample mean of all variables is -1.123 (*p*=0.001). With one standard deviation (0.172) increase in the *county conservative ideology*, the likelihood of deal completion decreases from 61.74% to 41.97%, which equals a 19.77% decrease in the average likelihood of completion of Chinese public firms' acquisitions in the U.S. For example, in 2016's presidential electoral vote, the Republican presidential candidate received 64.17% vote in Fairfield, Ohio, and 9.71% vote in New York County, New York State. Our results suggest that in the post-election years, the likelihood of completion of acquisitions by Chinese firms would be 31.2% in Fairfield County and 86.3% in New York County. We used STATA's marginsplot command (Williams, 2012) to graph the main effect of *county conservative ideology* in Figure 1. The figure shows that an increase in *county conservative ideology* decreases the likelihood of deal completion. Overall, Hypothesis 1 is supported.

*** Insert Figure 1 here ***

Model 3 shows that the interaction term between *county conservative ideology* and *sensitive industry* is negative and significant (*b*=-2.839, *p*=0.023). We further calculated the marginal effect of *county conservatism ideology* on the selected values of sensitive industries and reported the results in Table 5. The results show that the marginal effect of *county conservative ideology* on completion is indeed stronger when target firms are from sensitive industries, lending support to Hypothesis 2. We further employed the Monte Carlo simulation-based approach (King, Tomz, & Wittenberg, 2000; Zelner, 2009) and used the INTGPH code in STATA to plot the interaction effect. As shown in Figure 2, the negative slope of *county conservative ideology* is steeper when target firms are from sensitive industries. Therefore, Hypothesis 2 is supported.

*** Insert Table 5 and Figure 2 here ***

Model 4 tests the interaction effect between county-level *economic distress* and *county conservative ideology*. The coefficient of this interaction term is -45.640, with *p*=0.048, suggesting that

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the negative effect of conservative ideology on deal completion is strengthened in counties with greater economic distress (i.e., a higher unemployment rate). Table 6 reports the marginal effect of *county conservative ideology* at the selected values (low vs. high) of *economic distress*, suggesting that the marginal effect of county conservative ideology on deal completion is indeed stronger when *economic distress* is high than when it is low. As shown in Figure 3, the negative slope of *county conservative ideology* is steeper when *economic distress* is high (i.e., mean plus one standard deviation) than when *economic distress* is at its low value (i.e., mean minus one standard deviation). Model 5 is the full model that further confirms our findings.

*** Insert Table 6 and Figure 3 here ***

Robustness Checks and Supplementary Analyses

We conducted several supplementary analyses to ensure that our results are robust. First, we adopted instrumental variable analysis to mitigate the endogeneity concern related to omitted variables. Second, we adopted alternative measures for the independent variable, dependent variable, and moderators. Third, we examined the impact of state ownership and trade war on the relationship between community political ideology and the likelihood of completion. Fourth, we included more county-level factors as additional controls. We report the results and discuss further details of these robustness checks and supplemental analyses in the Online Appendix.

DISCUSSION AND CONCLUSION

This study examines the influence of community political ideology along the liberalism-conservatism spectrum on the completion of cross-border M&As between rival countries. We theorized and empirically verified that M&A deals pursued by Chinese acquirers in the U.S. have a lower likelihood of completion in conservative communities due to heightened resistance from local stakeholders who are more sensitive to threats and uncertainty. We also found that the negative effect of community conservative ideology on deal completion is further enhanced for deals targeting U.S. sensitive industries and for target communities experiencing greater economic distress.

Theoretical Contributions

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Our study contributes to several streams of research. First, the growing body of IB research on geopolitical rivalry, particularly between the U.S. and China (Li et al., 2024; Luo & Van Assche, 2023), has emphasized the need for a better understanding of the politicized nature of IB (Beugelsdijk & Luo, 2024). Our study contributes to this research stream by identifying community political ideology as a novel political factor influencing MNE activities between rival countries. While earlier research suggests that right-wing politicians in developing countries promote the interests of investors (Vaaler, 2008), our study adds new insights, that is, conservative community members in a developed country context could be hostile toward foreign investors from rival countries. This insight is especially relevant in light of the escalating geopolitical tensions between major global economic powers. In particular, the intensified rivalry between China and the U.S. reinforced the perception of Chinese MNEs as threatening the national and economic interests of the U.S. (Luo & Van Assche, 2023). Despite the "China threat" perception (Mearsheimer, 2001), prior studies have focused on the national-level perceptions but overlooked the subnational differences in perceptions within a host country and the influential factors underlying such differences. Our study advances this literature by identifying host-country community-level political ideology as an important determinant of the different levels of concern and resistance toward MNEs from rival countries.

Second, our study contributes to extant research that analyzes the role of political ideology in firm strategy and performance (McDonnell & Cobb, 2020; Wang et al., 2019). This literature has primarily focused on the political ideologies of individuals such as CEOs (Chin et al., 2013), directors (McDonnell & Cobb, 2020), and employees (Bermiss & McDonald, 2018). Our study advances this literature by studying the prevailing political ideology of a community, extending the analysis of political ideology from the *individual* level to the *community* level. In fact, existing research on political ideology is not only rare at the community level but also limited at the country level. Among the limited studies that have touched on a country's political ideology, they use political ideology as a boundary condition and study its moderating effect rather than its main effect on influencing firm strategies and performance (Aguilera et al., 2021; Bennett et al., 2023). More importantly, these studies focus on the influence of a country's

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political ideology in the contexts of *domestic* firms (e.g., state-owned firms and new ventures). Our study extends this discussion to the *international* context and reveals that the political ideology of a host country community can exert a significant impact on the success of investment in this community by foreign MNEs from rival countries.

Third, our study extends existing research on cross-border M&A abandonment and completion (Bu et al., 2023; Dikova et al., 2010; Zhou et al., 2016). Unlike domestic M&As, cross-border M&As are not only subject to the influence of firm- and deal-level factors but are also significantly shaped by institutional factors. Given the importance of institutions in IB research (Meyer, Estrin, Bhaumik, & Peng, 2009; Peng, Wang, & Jiang, 2008), prior research has extensively studied how MNE foreign investment are influenced by formal and informal institutions. Regarding cross-border M&As, earlier research has demonstrated that their completion can be hindered by institutional factors such as regulatory differences (Zhou et al., 2016), cultural distance (Dikova et al., 2010), institutional voids in home countries (Kim & Song, 2017), and weak institutional quality in target countries (Zhang et al., 2011). Extending this line of research, our study brings in the role of political ideologies of local communities in analyzing the likelihood of completion of announced cross-border M&As. As such, our framework offers a more fine-grained perspective into the mechanism through which community-level institutions affect the cross-border M&A completion of MNEs.

Managerial Implications

This study provides significant managerial implications for MNEs. Our findings highlight the important role played by local communities where cross-border M&As take place. While the host country's regulatory environment is crucial, it is equally important to pay attention to the ideological values and attitudes of the local stakeholders in the host communities. MNE managers should anticipate heightened challenges when investing in conservative communities in rival countries and must adopt a nuanced approach to effectively navigate these challenges, prioritizing strategic communication and relationship-building efforts. Acknowledging and addressing the concerns of local stakeholders with conservative ideologies is essential. Managers should proactively engage in dialogues, emphasizing the potential

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benefits of the M&A, such as job creation and economic development. When acquiring firms located in conservative communities in a rival country, MNE managers may need to avoid sensitive industries and select firms in more economically developed regions. Moreover, implementing strategic initiatives that align with conservative values and contribute positively to the community may help overcome resistance. Building trust through transparency, collaborations with local entities, and a genuine commitment to the host community's welfare will be crucial in reducing the hostility received in conservative communities and enabling foreign acquirers to successfully complete cross-border M&As in conservative political environments.

Limitations and Future Research

This study has several limitations that point to future research opportunities. First, we recognize that there are several ways to conceptualize political ideology (e.g., egalitarianism, communism, fascism, classical liberalism, leftism, rightism, communitarianism, and others) (Slomp, 2000). The liberal-conservative spectrum, as proxied by votes in presidential elections, is specific to the U.S. context but may not be applied to non-U.S. contexts. We acknowledge this as a limitation and encourage future research to examine other types of political ideologies besides conservatism and liberalism, and to explore their impacts on firm strategies and outcomes. Additionally, studying the heterogeneity of political ideology within communities and its implications represents a promising direction for future research.

Second, we focus on U.S. target firms whose ultimate owners are based in the U.S. rather than in other countries, as we believe that U.S. conservative communities are more concerned about threats posed to domestic firms than to foreign firms. However, it would be interesting to explore whether community conservative ideology also plays a role in influencing the acquisition of foreign-owned firms in the U.S. Future research is encouraged to expand the sample to include target firms whose ultimate owners are not U.S.-based and examine whether the results still hold.

Moreover, our theory is built upon the distinction between conservatives and liberals in their perceptions and attitudes toward the potential threat and uncertainty. In addition to this distinction, we also recognize that conservatives could be more pro-business than liberals under certain conditions

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(Rampell, 2021). Therefore, it could be possible that conservative communities may possess a more friendly perception and attitude toward MNEs from the U.S. *allies* as they are not considered a threat. We encourage future studies to conduct cross-country comparative analyses to study if home countries influence the attitudes toward cross-border M&As in conservative communities. Furthermore, it's also promising to examine how community political ideology might influence the integration and post-acquisition performance of cross-border M&A deals.

Lastly, while our study is focused on M&A deals in sensitive industries and the economic distress of target communities as the moderating factors, we recognize that there could exist additional factors that can further enhance the threat and uncertainty perceived by conservative communities. In addition to the deal- and community-level moderators as studied in our research, future studies are encouraged to explore firm-level characteristics and strategies that could help MNEs reduce the resistance and opposition from conservative communities in rival countries.

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Table 1. Sample Descriptive Statistics

Panel A. Distribution of industry

Industry	Total Acquisitions	Completed Acquisitions	% Completed
Mining & Oil and Gas; Petroleum Refining; Agriculture, Forestry and Fishing	15	9	60.00%
Pharmaceutical and Biological Products	31	18	58.06%
Manufacturing	55	31	56.36%
Transportation, Construction, Electric, Gas, and Sanitary Service	22	13	59.09%
Wholesale & Retail Trade	39	26	66.67%
Finance, Insurance and Real Estate	22	14	63.64%
Electronic and Electrical Equipment Telephone Interconnect Systems, Communication	42	27	64.29%
Business Services and Other Service	41	24	58.54%
Total	267	162	60.67%

Panel B. Distribution of target state

State	Total Acquisitions	Completed Acquisitions	% Completed
California	83	63	75.90%
Delaware	21	14	66.67%
Texas	19	8	42.11%
New York	16	10	62.50%
Florida	11	6	54.55%
Massachusetts	9	4	44.44%
Nevada	8	3	37.50%
New Jersey	7	4	57.14%
Michigan	8	5	62.50%
Illinois	6	3	50.00%
Ohio	6	3	50.00%
Pennsylvania	7	4	57.14%
Washington	5	2	40.00%
North Carolina	5	5	100.00%
Connecticut	5	2	40.00%
Georgia	5	2	40.00%
Virginia	4	2	50.00%
Missouri	4	2	50.00%
New Mexico	3	1	33.33%
Tennessee	3	2	66.67%
Wisconsin	3	2	66.67%
Arizona	2	2	100.00%
Colorado	3	1	33.33%
Iowa	3	2	66.67%
Oregon	3	1	33.33%
Utah	3	2	66.67%
Louisiana	2	2	100.00%
New Hampshire	2	0	0.00%
Rhode Island	2	1	50.00%
Others	9	4	44.44%
Total	267	162	60.67%

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Panel C. Distribution of target county

County	Total Acquisitions	Completed Acquisitions	% Completed
Santa Clara	20	18	90.00%
Los Angeles	15	9	60.00%
New York	15	8	53.33%
San Francisco	15	10	66.67%
Middlesex	11	5	45.45%
Orange	11	7	63.64%
San Diego	10	6	60.00%
Harris	9	4	44.44%
San Mateo	8	4	50.00%
Broward	6	2	33.33%
Fairfield	6	2	33.33%
King	6	3	50.00%
New Castle	6	5	83.33%
Bergen	4	2	50.00%
Clark	4	2	50.00%
Cook	4	3	75.00%
Dane	4	4	100.00%
Montgomery	4	2	50.00%
Oakland	4	3	75.00%
Miami-Dade	3	3	100.00%
San Bernardino	3	2	66.67%
St Louis	3	1	33.33%
Tarrant	3	1	33.33%
Wake	3	1	33.33%
Washington	4	2	50.00%
Alameda	2	2	100.00%
Carson City	2	0	0.00%
Contra Costa	2	2	100.00%
Houston	2	1	50.00%
Lake	2	1	50.00%
Macomb	2	1	50.00%
Palm Beach	2	2	100.00%
Travis	2	1	50.00%
Washoe	2	0	0.00%
Others	68	43	63.77%
Total	267	162	60.67%

Panel D. Distribution over time			
Year	Total Acquisitions	Completed Acquisitions	% Completed
2002	4	4	100.00%
2003	1	0	0.00%
2004	3	2	66.67%
2005	2	1	50.00%
2006	4	4	100.00%
2007	10	7	70.00%
2008	10	6	60.00%
2009	7	5	71.43%
2010	12	9	75.00%
2011	19	13	68.42%
2012	12	7	58.33%
2013	12	6	50.00%
2014	18	12	66.67%
2015	34	24	70.59%
2016	31	15	48.39%
2017	30	13	43.33%
2018	20	13	65.00%
2019	11	5	45.45%
2020	13	8	61.54%
2021	14	8	57.14%
Total	267	162	60.67%

Table 2. First Stage Heckman Selection Model

VARIABLES	Model 1	Model 2
Geographical Distance to Hub Airport		-0.011
		[0.018]
Economic Distress	-0.035	-0.057
	[0.016]	[0.023]
GDP Change from Prior Year	0.404	0.299
	[0.095]	[0.511]
Trade Share of GDP	0.323	0.073
	[0.091]	[0.316]
County Prior Ideology	1.186	1.992
	[0.000]	[0.024]
State Political Ideology	-0.205	-1.167
	[0.419]	[0.524]
Constant	-10.876	-8.757
	[0.000]	[0.137]
Year Dummy	YES	YES
Country Dummy	YES	YES
Observations	58,616	58,616
Pseudo R square	39.33%	42.22%

P-value in parentheses

Table 3. Descriptive Statistics and Correlations

	Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Deal completion																				
2	County conservative ideology	-0.299																			
3	Sensitive industry	-0.023	0.080																		
4	Economic distress	0.098	0.061	0.034																	
5	Deal size	0.111	-0.094	-0.011	-0.006																
6	Deal attitude	-0.056	-0.071	0.013	0.054	0.130															
7	Payment type	-0.053	-0.004	-0.068	0.060	-0.253	0.060														
8	Percentage of stake	0.134	0.060	-0.044	0.106	0.409	-0.180	-0.143													
9	Acquirer size	0.014	-0.081	-0.029	-0.123	0.316	0.250	-0.041	-0.052												
10	Acquirer leverage	-0.001	-0.003	0.014	0.019	-0.075	-0.038	0.054	0.028	0.052											
11	Acquirer performance	-0.083	0.032	0.059	-0.018	0.100	0.435	0.055	0.029	0.021	-0.051										
12	SOE acquirer	-0.144	-0.051	-0.086	0.055	-0.012	0.007	0.091	-0.072	0.034	-0.046	0.054									
13	Media coverage	-0.030	0.048	0.215	0.112	-0.031	0.038	0.008	-0.082	-0.011	-0.048	0.104	0.057								
14	Positive media coverage	0.049	0.049	0.055	0.009	-0.027	-0.022	-0.129	0.037	0.046	-0.027	0.031	-0.020	-0.018							
15	Industry difference	0.003	0.106	0.308	0.056	-0.055	0.044	0.085	0.040	-0.093	0.124	0.038	-0.068	0.221	0.008						
16	Acquirer foreign experience	0.084	0.012	0.032	-0.073	0.066	0.017	-0.096	-0.055	0.103	-0.051	-0.033	-0.091	-0.022	0.038	-0.039					
17	State government political ideology	-0.099	0.083	0.066	-0.089	-0.015	-0.011	-0.034	-0.055	0.008	0.016	0.096	-0.017	0.101	0.021	0.002	0.048				
18	GDP change	0.130	-0.046	0.137	-0.294	0.024	-0.081	0.013	0.042	0.024	-0.058	0.053	-0.077	0.071	0.126	0.088	-0.042	0.063			
19	Trade share of GDP	0.043	0.025	0.052	-0.129	-0.072	-0.044	-0.009	0.031	0.040	0.060	-0.126	-0.178	-0.072	0.070	0.089	0.080	-0.043	0.149		
20	Previous foreign deals in county	0.020	-0.122	-0.097	0.077	0.050	-0.041	0.029	-0.021	0.061	-0.066	0.026	0.032	-0.001	-0.029	-0.197	-0.015	-0.103	0.063	-0.032	
	Mean	0.607	0.371	0.391	0.058	1.517	0.050	0.782	75.628	2.724	0.571	0.110	0.206	117.20	50.823	0.573	3.190	4.016	0.034	0.176	95.2
	Std.Dev.	0.492	0.172	0.481	0.024	0.726	0.219	0.414	33.165	0.638	0.514	0.381	0.405	102.30	6.920	0.495	4.097	5.388	0.036	0.086	142

# of observations is 267. Correlations significant at 0.05 level are underscored.

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Table 4. Chinese Firms' Cross-Border M&As in the U.S.

VARIABLES		Model 1	Model 2	Model 3	Model 4	Model 5
County conservative ideology (CCI)	H1		-2.913	-2.022	-0.370	-0.573
			[0.000]	[0.004]	[0.087]	[0.074]
CCI × Sensitive industry	H2			-2.839		-2.849
				[0.023]		[0.023]
CCI × Economic distress	H3				-45.640	-46.736
					[0.048]	[0.096]
Sensitive industry		-0.026	-0.044	-1.033	-0.053	-1.024
		[0.051]	[0.069]	[0.143]	[0.077]	[0.145]
Economic distress		8.300	9.900	9.451	27.406	27.427
		[0.154]	[0.097]	[0.137]	[0.093]	[0.087]
Deal size		0.306	0.212	0.202	0.196	0.187
		[0.025]	[0.144]	[0.168]	[0.177]	[0.202]
Deal attitude		-0.465	-0.539	-0.521	-0.641	-0.598
		[0.313]	[0.259]	[0.281]	[0.190]	[0.224]
Payment type		-0.095	-0.153	-0.119	-0.136	-0.113
		[0.652]	[0.489]	[0.590]	[0.540]	[0.614]
Percentage of stake		0.003	0.006	0.006	0.005	0.006
		[0.384]	[0.072]	[0.058]	[0.084]	[0.067]
Acquirer size		-0.089	-0.176	-0.174	-0.172	-0.169
		[0.522]	[0.221]	[0.228]	[0.232]	[0.243]
Acquirer leverage		0.086	0.154	0.178	0.147	0.170
		[0.608]	[0.373]	[0.301]	[0.392]	[0.321]
Acquirer performance		-0.284	-0.273	-0.294	-0.274	-0.292
		[0.284]	[0.360]	[0.333]	[0.376]	[0.348]
SOE acquirer		-0.604	-0.682	-0.630	-0.650	-0.606
		[0.005]	[0.003]	[0.007]	[0.005]	[0.010]
Media coverage		-0.000	0.000	0.000	0.000	0.000
		[0.933]	[0.907]	[0.713]	[0.933]	[0.717]
Positive media coverage		0.023	0.029	0.028	0.032	0.031
		[0.071]	[0.030]	[0.038]	[0.022]	[0.026]
Industry difference		-0.073	-0.029	-0.004	-0.015	0.013
		[0.687]	[0.878]	[0.984]	[0.938]	[0.944]
Acquirer foreign experience		0.033	0.036	0.042	0.034	0.039
		[0.108]	[0.098]	[0.062]	[0.118]	[0.079]
State government political ideology		-0.030	-0.031	-0.029	-0.030	-0.028
		[0.048]	[0.045]	[0.067]	[0.053]	[0.081]
GDP growth		5.749	5.364	4.735	5.192	4.616
		[0.010]	[0.018]	[0.041]	[0.023]	[0.049]
Trade share of GDP		2.272	2.237	2.185	2.132	2.097
		[0.017]	[0.023]	[0.027]	[0.030]	[0.035]
Previous foreign deals in county		-0.000	-0.001	-0.001	-0.001	-0.001
		[0.611]	[0.381]	[0.306]	[0.340]	[0.271]
Inverse Mill's ratio		0.005	0.075	0.050	0.079	0.053
		[0.047]	[0.033]	[0.045]	[0.095]	[0.055]
Constant		-1.755	-1.051	-1.233	-2.169	-2.376
		[0.095]	[0.338]	[0.270]	[0.098]	[0.076]
Industry Dummy		YES	YES	YES	YES	YES
Year Dummy		YES	YES	YES	YES	YES
Observations		267	267	267	267	267
Pseudo R Square		16.88%	21.99%	23.59%	22.52%	24.14%

P-values in parentheses;

Table 5. Moderating Effect of Sensitive Industry on the Marginal Effect of County Conservative Ideology on the Probability of Acquisition Completion

Value of Sensitive Industry	Marginal Effect of County Conservative Ideology[a]	Z-statistics
Non-Sensitive Industry (value of 0)	-0.7997*	-2.79
Sensitive Industry (value of 1)	-1.1198*	-4.93

*p <0.05

a Computed at sample mean value of the independent variable—county conservative ideology.

Table 6. Moderating Effect of Economic Distress on the Marginal Effect of County Conservative Ideology on the Probability of Acquisition Completion

Value of Economic Distress	Marginal Effect of County Conservative Ideology[a]	Z-statistics
Low (Mean - one standard deviation)	-1.0122*	-4.81
High (Mean + one standard deviation)	-1.2641*	-5.97

*p <0.05

a Computed at sample mean value of the independent variable—county conservative ideology.

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Figure 1. Predicted Probabilities of Acquisition Completion with 95% Confidence Intervals

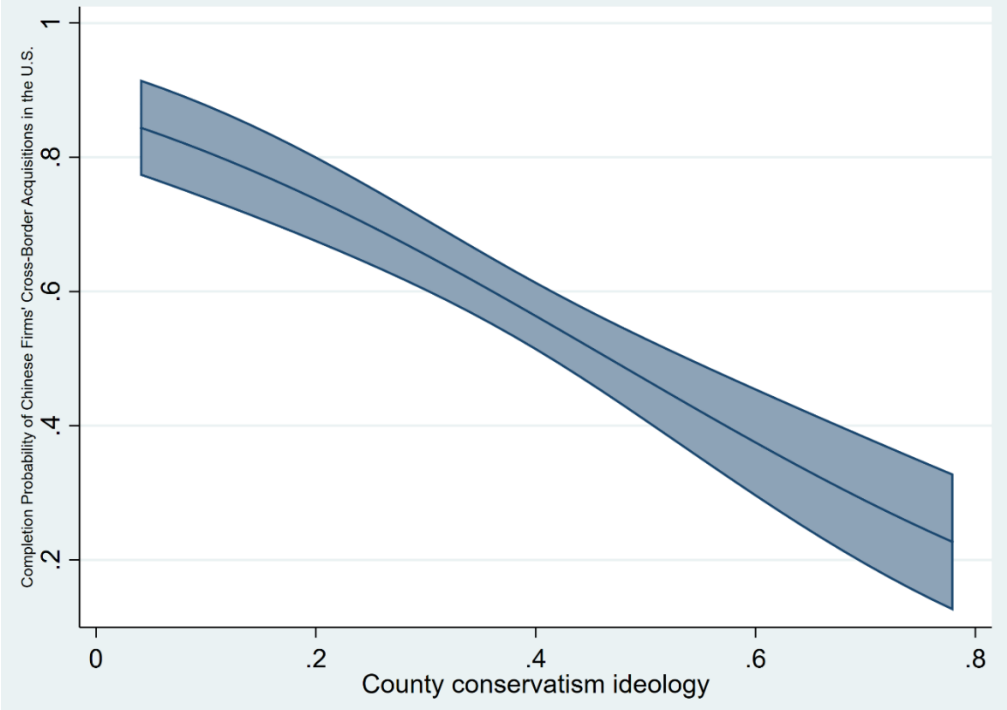


Figure 2. Moderating Effect of Sensitive Industry

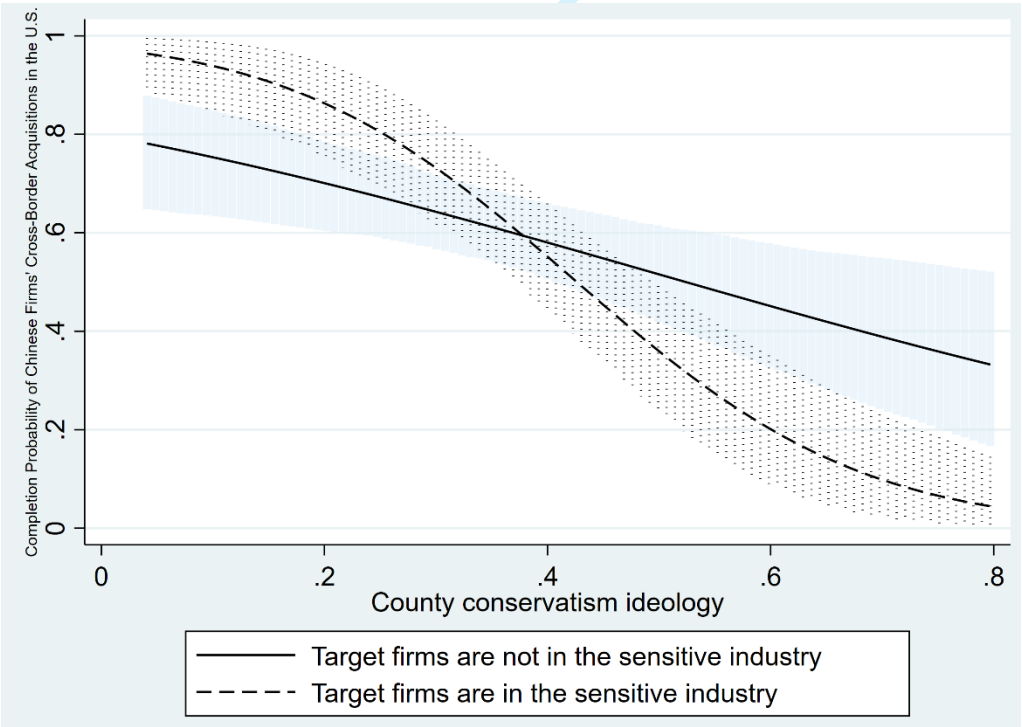
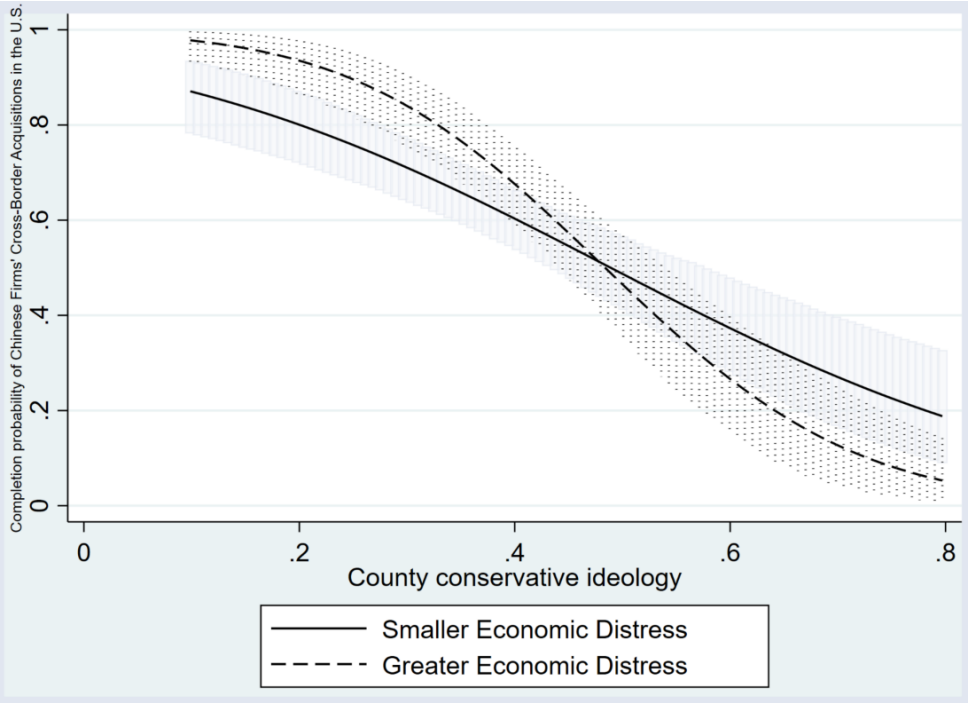


Figure 3. Moderating Effect of County Economic Distress



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Online Appendix

We conducted several supplementary analyses to ensure that our results are robust:

Endogeneity Issue. Though we have considered the sample selection issue and conducted the Heckman two-stage model, omitted variables might also be a concern of endogeneity. The same unobservable county-level factors that strengthen the local conservative ideology may also influence deal completion. To alleviate the endogeneity concern, we utilized two instrumental variables for county-level unobserved factors. The first one is the average county-level maximum potential cotton yield from 1860 to 1920 from the United Nations Food and Agriculture Organization. The modern disparities in political attitudes among counties in the American South may be traced back to the slavery system 150 years ago, which was influenced by the conditions of cotton production (Acharya, Blackwell, & Sen, 2016; Feigenbaum, Mazumder, & Smith, 2020).[1] However, historical cotton output can't directly affect the contemporary completion likelihood of a Chinese acquisition deal, unless such influence comes from the channel of its impact in shaping local political ideology.

The other instrumental variable is the availability of Fox News in the U.S. local cable markets in 2000. DellaVigna and Kaplan (2007) documented the entry of Fox News in cable markets and its impact on voting in Presidential elections. Clinton and Enamorado (2014) showed that the voting results became less supportive of President Clinton in districts where Fox News began broadcasting than representatives in similar districts where Fox News was not broadcast. Thus, we expected that the availability of Fox News in U.S. townships during the year 2000 influence the local political ideology. Following previous literature (Baloria & Heese, 2018), we used *Fox_Intro* as our second instrumental variable, which was coded as 1 if the target firm's headquarter had a zip code that was included in the townships entered by Fox News in 2000, and

[1] For example, Acharya et al. (2016) show that a larger slave population at the county level in the 1860s correlates with the current increase in Republican votes.

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0 otherwise. We obtained the data from DellaVigna and Kaplan (2007)[2], who used the Television & Cable Factbook to identify whether a locality did or did not receive the Fox broadcast in 2000.

As we have more instruments than the endogenous variable, we performed the over-identification test checking if both instruments are exogenous assuming that at least one of them is exogenous. The Hansen J statistic is 1.37 and the *p* value is 0. 424 and it passes the over-identification test. Furthermore, the partial F-statistic of the instrument variable is 17.85, which is well above the conventional threshold of 10 (Stock & Yogo, 2005), suggesting that our instrument is relevant. The *p*-value for the Wald test of exogeneity is 0.307, indicating that our instrument is necessary and can be considered exogenous (Wooldridge, 2010). With the instrumental variables, we performed regressions using a two-stage residual inclusion (2SRI) approach, which uses the residuals from the first stage as a control in the second stage. Recent studies highlight that the 2SRI approach is particularly advantageous for estimating the two-step models with interaction terms (Guilén & Capron, 2016; Maksimov, Wang, & Yan, 2019). We regressed the county conservative ideology using the instrumental variables and the controls in the first stage and then used the residuals from the first stage as a separate regressor in the second stage. The results of the 2SRI analysis are presented in Model 1 and Model 2 of Table A1 and are consistent with our prior findings.

Alternative measurement for the independent variable. In the previous analysis, we used the 2000 election data to forecast deal completions from 2001 to 2004 and did the same measurement for the following years. As a robustness test, we employed the trend-based linear interpolation method as the data imputation strategy to fill in the missing value of the years with no presidential election voting records. Model 3 and Model 4 of Table A1 suggest our results are robust.

Furthermore, we employed the aggregated political donations of county residents as an alternative measure of county-level political ideology. We obtained data on county residents'

[2] https://eml.berkeley.edu/~sdellavi/data/foxnewsdata.shtml

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political contributions from the Federal Election Commission (FEC) database, which records all political donations of $200 or more. We included all donations to candidates and campaign committees affiliated with either of the two major U.S. political parties, provided the donor's home address was identified within the county. Following prior research (e.g., Gupta et al., 2017), we measured county-level conservatism as the dollar amount donated to the Republican Party divided by the total amount donated to both parties in the year prior to the focal deal within a focal county[3]. Model 5 and Model 6 of Table A1 suggest our results are robust.

Alternative measurements for the moderators. In Model 7 of Table A1, we employed whether the acquirer is in a *high-tech industry*[4] based on its SIC code as an alternative measure of *sensitive industry* because M&A deals in high-tech industries are subject to greater scrutiny. In Model 8 of Table A1, we adopted the county-level average personal income decrease over the last three years as an alternative measure of *economic distress* (Eckert, Fort, Schott, & Yang, 2020). We obtained the data from the BEA Local Area Personal Income and Employment database.

Alternative measurement for the dependent variable. County conservative ideology may influence not only the likelihood of completion but also the process of the deal. Therefore, we adopted an alternative dependent variable: *duration of the deal completion* for those completed deals in our sample. The *duration* was measured by the number of days from the public announcement date to the completion date (Dikova, Sahib, & van Witteloostuijn, 2010; Hawn, 2021). In Table A1, Model 9 shows that *county conservative ideology* has a significantly positive effect (b=150.169, p=0.050) on *duration*, suggesting that community-level conservatism adds complexity to the deal process and delays the completion date.

Effects of SOE and Trade War. Prior research has documented the impact of state ownership on FDI (Li, Zhang, & Shi, 2020). For instance, Chinese SOEs face strong opposition

[3] We also tried different time window of the donation record such as two and three years prior to the focal deal, our results remain qualitatively robust.
[4] The following three-digit SIC codes: 283, 357, 366, 367, 381, 382, 383, 384, 737, 873, and 874 are classified as High-Tech Industries in the SDC dataset.

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in foreign countries due to geopolitical concerns (Shi, Hoskisson, & Zhang, 2016). Thus, in Model 1 of Table A2, we further examined if SOEs moderate the relationship between *county conservative ideology* and the likelihood of completion. We found that SOEs strengthen the negative influence of *county conservative ideology* on the likelihood of completion (b=-1.972, p=0.048). In addition, since the trade war has a significant influence on Chinese firms' cross-border acquisitions in the U.S. (Li, Shapiro, Ufimtseva, & Zhang, 2024), we further controlled the *Trade War* and tested its effect on the likelihood of completion and duration of Chinese firms' cross-border acquisitions. We coded *Trade War* as 1 if the acquisition year was in or after 2018, and 0 otherwise. In Table A2, Model 2 suggests that *Trade War* significantly lowers the likelihood of completion (b=-0.331, p=0.048) and Model 3 indicates that it extends the duration required for completing the deal (b=48.912, p=0.054).

Other county-level factors as additional controls. We included more county-level factors as additional controls to test if our results remain consistent. These county-level controls were not included in the main analysis because they have missing values that significantly reduce our sample size, thereby we separately included them in Models 4-8 of Table A2. In Model 4, we controlled *ethnicity diversity,* coded as the percentage of African American and Hispanic population in the local community, to control for the role played by African American & Hispanic communities in presidential elections (Campbell, Green, & Layman, 2011). Following previous literature (McDaniel & Ellison, 2008), we controlled the percentage of *Catholics* in the county to account for religious influence in Model 5. College graduates are more likely to support democratic campaigns (Tyson & Maniam, 2016). Thus, we further controlled the influence of *education* level in Model 6. Lastly, we controlled for the prevalence of firms in a particular industry at the county level. Following previous literature (Hazell, Herreño, Nakamura, & Steinsson, 2022; Mian & Sufi, 2014) on the county-level economic climate, we obtained the dominant industry data from the County Business Patterns (CBP)

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database published by the U.S. Census Bureau.[5] We coded variable *prevalent industry* 1 if the target firm is in a prevalent industry of its county (i.e., the industry has the most establishments in the focal county) and 0 otherwise. Model 7 of Table A2 indicates that the prevalence of industry marginally reduces the likelihood of deal completion (b=-0.295, p=0.087). Lastly, since local unionization is tied to political ideology (Frymer & Grumbach, 2021), we controlled for the county-level unionization levels obtained from the U.S. Bureau of Labor Statistics[6]. Model 8 suggests that the unionization level lowers the likelihood of completion of M&As (b=-3.073, p=0.048). Furthermore, Model 9 of Table A2 suggests that the unionization level marginally strengthens the negative effect of conservative political ideology on the likelihood of completion of M&As (b=-8.277, p=0.089). Our main results still hold after controlling these additional control variables.

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[5] CBP is an annual series that provides subnational economic data by industry. This series includes the number of establishments, employment data, and annual payroll. The full release for the CBP statistics is available approximately 16 months after each reference year.

[6] https://www.bls.gov/data/

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Table A1. Robustness Checks

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
	2SRI Model & Alter Instrument		Alter IV Trend-based		Alter IV Donation		Alter Sensitive Industry	Alter Econ. Distress	Alter DV
County conservative ideology (CCI)	-2.768	-2.235	-3.343	-2.153	-1.538	-1.219	-3.406	-1.703	150.169
	[0.000]	[0.087]	[0.000]	[0.264]	[0.004]	[0.044]	[0.000]	[0.003]	[0.050]
CCI × Sensitive industry		-2.895		-3.216		-0.882	-1.419		
		[0.023]		[0.027]		[0.044]	[0.034]		
CCI × Economic distress		-76.493		-84.715		-41.808		-0.064	
		[0.063]		[0.092]		[0.053]		[0.058]	
Sensitive industry	-0.023	-1.08	-0.031	-1.198	-0.126	-0.471	-0.306	-1.212	-27.596
	[0.081]	[0.166]	[0.122]	[0.089]	[0.184]	[0.320]	[0.525]	[0.208]	[0.222]
Economic distress	0.198	29.618	-0.593	32.116	10.410	24.550	-0.787	0.020	582.007
	[0.962]	[0.116]	[0.886]	[0.119]	[0.218]	[0.207]	[0.851]	[0.613]	[0.255]
Deal size	0.190	0.123	0.184	0.118	0.304	0.257	0.193	0.045	10.312
	[0.190]	[0.413]	[0.203]	[0.433]	[0.027]	[0.066]	[0.182]	[0.740]	[0.578]
Deal attitude	-0.429	-0.479	-0.410	-0.461	-0.486	-0.476	-0.414	-0.035	-39.608
	[0.357]	[0.323]	[0.381]	[0.342]	[0.305]	[0.307]	[0.376]	[0.929]	[0.439]
Payment type	-0.127	-0.151	-0.133	-0.161	-0.139	-0.159	-0.125	-0.027	28.342
	[0.565]	[0.506]	[0.548]	[0.480]	[0.519]	[0.467]	[0.569]	[0.895]	[0.293]
Percentage of stake	0.006	0.006	0.007	0.007	0.002	0.003	0.007	0.007	-0.090
	[0.040]	[0.039]	[0.027]	[0.026]	[0.411]	[0.302]	[0.030]	[0.010]	[0.815]
Acquirer size	-0.200	-0.222	-0.209	-0.231	-0.103	-0.055	-0.212	-0.150	-18.040
	[0.165]	[0.132]	[0.146]	[0.116]	[0.469]	[0.706]	[0.140]	[0.257]	[0.304]
Acquirer leverage	0.142	0.141	0.152	0.153	0.069	0.055	0.144	0.140	19.365
	[0.406]	[0.412]	[0.371]	[0.376]	[0.684]	[0.745]	[0.401]	[0.380]	[0.368]
Acquirer performance	-0.282	-0.215	-0.314	-0.251	-0.233	-0.189	-0.320	-0.385	7.353
	[0.316]	[0.483]	[0.268]	[0.418]	[0.382]	[0.473]	[0.260]	[0.129]	[0.793]
SOE acquirer	-0.626	-0.621	-0.639	-0.636	-0.617	-0.639	-0.627	-0.504	-8.881
	[0.006]	[0.008]	[0.005]	[0.007]	[0.005]	[0.004]	[0.006]	[0.011]	[0.767]
Media coverage	0.000	0.000	0.000	0.000	-0.000	-0.000	0.000	0.000	0.144
	[0.811]	[0.725]	[0.765]	[0.679]	[0.821]	[0.715]	[0.763]	[0.560]	[0.157]
Positive media coverage	0.030	0.031	0.030	0.030	0.025	0.021	0.030	0.013	1.388
	[0.023]	[0.027]	[0.023]	[0.027]	[0.061]	[0.114]	[0.028]	[0.225]	[0.418]
Industry difference	-0.037	-0.003	-0.028	0.005	0.028	0.012	-0.030	0.037	-38.008
	[0.845]	[0.988]	[0.881]	[0.979]	[0.882]	[0.947]	[0.869]	[0.827]	[0.125]
Acquirer foreign experience	0.038	0.039	0.035	0.037	0.030	0.032	0.037	0.041	0.562
	[0.090]	[0.088]	[0.110]	[0.105]	[0.163]	[0.135]	[0.099]	[0.047]	[0.812]
State government political ideology	-0.031	-0.023	-0.032	-0.024	-0.029	-0.029	-0.032	-0.026	-1.281
	[0.040]	[0.146]	[0.036]	[0.123]	[0.052]	[0.055]	[0.035]	[0.075]	[0.544]
GDP growth	3.461	2.856	3.803	3.185	6.823	7.447	3.859	3.290	147.662
	[0.115]	[0.212]	[0.083]	[0.163]	[0.003]	[0.001]	[0.082]	[0.121]	[0.592]
Trade share of GDP	-2.390	-2.324	-2.356	-2.291	-1.740	-1.927	-2.311	-1.898	130.192
	[0.015]	[0.020]	[0.016]	[0.021]	[0.077]	[0.053]	[0.019]	[0.036]	[0.290]
Previous foreign deals in county	-0.000	-0.000	-0.000	-0.000	-0.000	-0.001	-0.000	-0.000	-0.123
	[0.645]	[0.485]	[0.585]	[0.443]	[0.459]	[0.363]	[0.605]	[0.430]	[0.192]
Inverse Mill's Ratio	0.080	0.038	0.096	0.055	-0.032	-0.058	0.094	0.044	19.212
	[0.084]	[0.076]	[0.099]	[0.127]	[0.771]	[0.606]	[0.405]	[0.678]	[0.185]
Residual from the first stage	-0.118	-0.115							
	[0.042]	[0.049]							
Constant	-0.545	-2.288	-0.324	-2.257	-1.340	-2.014	-0.302	-0.023	-93.499
	[0.623]	[0.076]	[0.771]	[0.090]	[0.213]	[0.083]	[0.791]	[0.980]	[0.516]
Industry Dummy	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year Dummy	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	267	267	267	267	267	267	267	267	162
Pseudo R Square	22.07%	23.25%	22.81%	24.05%	22.81%	24.05%	16.79%	18.05%	14.3%*

P-values in parentheses; * R-square for Model 9.

Table A2. Supplementary Analyses

VARIABLES	Model 1 SOE as Moderator	Model 2 Trade War as Control	Model 3 Trade War as Control	Model 4 Ethnicity as Control	Model 5 Religion as Control	Model 6 Education as Control	Model 7 Prevalence as Control	Model 8 Union as Control	Model 9 Union as Moderator
County conservative ideology (CCI)	-2.572 [0.000]	-2.957 [0.000]	115.314 [0.086]	-2.754 [0.021]	-2.505 [0.039]	-2.928 [0.014]	-3.001 [0.007]	-2.824 [0.000]	-1.683 [0.042]
CCI × SOE	-1.972 [0.048]								
Trade War		-0.331 [0.048]	48.912 [0.054]						
Ethnicity diversity				0.391 [0.646]					
Catholic					1.238 [0.057]				
Education						2.613 [0.032]			
Prevalence of industry							-0.295 [0.087]		
CCI*Unionization									-8.277 [0.089]
County Unionization								-3.073 [0.048]	0.281 [0.146]
Sensitive industry	-0.051 [0.081]	-0.084 [0.149]	33.081 [0.253]	-0.009 [0.160]	-0.110 [0.251]	-0.022 [0.105]	-0.188 [0.182]	-0.015 [0.135]	-0.018 [0.919]
Economic distress	10.410 [0.121]	9.433 [0.437]	7.483 [0.989]	0.228 [0.957]	0.034 [0.993]	2.534 [0.581]	2.576 [0.543]	1.942 [0.821]	-0.962 [0.817]
Deal size	0.198 [0.175]	0.211 [0.145]	7.802 [0.674]	0.191 [0.186]	0.197 [0.175]	0.192 [0.185]	0.142 [0.338]	0.188 [0.196]	0.193 [0.184]
Deal attitude	-0.550 [0.250]	-0.551 [0.249]	-29.957 [0.559]	-0.432 [0.357]	-0.516 [0.278]	-0.404 [0.385]	-0.367 [0.429]	-0.424 [0.359]	-0.422 [0.363]
Payment type	-0.167 [0.454]	-0.134 [0.546]	27.823 [0.304]	-0.126 [0.566]	-0.125 [0.573]	-0.119 [0.592]	-0.119 [0.593]	-0.131 [0.554]	-0.137 [0.537]
Percentage of stake	0.006 [0.063]	0.006 [0.064]	-0.011 [0.978]	0.007 [0.032]	0.006 [0.050]	0.007 [0.028]	0.007 [0.018]	0.007 [0.033]	0.007 [0.033]
Acquirer size	-0.172 [0.237]	-0.152 [0.300]	-17.954 [0.307]	-0.207 [0.151]	-0.163 [0.264]	-0.202 [0.159]	-0.155 [0.290]	-0.218 [0.130]	-0.225 [0.119]
Acquirer leverage	0.122 [0.485]	0.153 [0.377]	21.942 [0.311]	0.148 [0.386]	0.144 [0.400]	0.146 [0.394]	0.146 [0.392]	0.160 [0.355]	0.169 [0.332]
Acquirer performance	-0.306 [0.302]	-0.298 [0.315]	5.750 [0.838]	-0.302 [0.288]	-0.313 [0.287]	-0.303 [0.285]	-0.311 [0.278]	-0.292 [0.287]	-0.315 [0.250]
SOE acquirer	-3.698 [0.903]	-0.691 [0.003]	-6.979 [0.817]	-0.699 [0.003]	-0.753 [0.001]	-0.676 [0.003]	-0.680 [0.003]	-0.672 [0.003]	-0.682 [0.003]
Media coverage	0.000 [0.915]	-0.000 [0.994]	0.142 [0.175]	0.000 [0.747]	0.000 [0.894]	0.000 [0.865]	-0.000 [0.883]	0.000 [0.746]	0.000 [0.754]
Positive media coverage	0.027 [0.044]	0.031 [0.023]	1.695 [0.331]	0.031 [0.021]	0.028 [0.039]	0.031 [0.021]	0.035 [0.009]	0.033 [0.014]	0.033 [0.014]
Industry difference	-0.025 [0.894]	-0.152 [0.486]	-54.328 [0.050]	-0.035 [0.854]	-0.064 [0.736]	-0.046 [0.807]	-0.377 [0.095]	-0.067 [0.726]	-0.070 [0.711]
Acquirer foreign experience	0.038 [0.085]	0.037 [0.092]	0.706 [0.766]	0.035 [0.108]	0.031 [0.160]	0.036 [0.103]	0.036 [0.108]	0.036 [0.100]	0.035 [0.111]
State government political ideology	-0.032 [0.038]	-0.028 [0.073]	-0.981 [0.645]	-0.031 [0.044]	-0.028 [0.073]	-0.029 [0.056]	-0.022 [0.160]	-0.032 [0.039]	-0.031 [0.042]
GDP change	5.188 [0.022]	4.931 [0.032]	4.839 [0.987]	3.861 [0.078]	3.319 [0.132]	3.386 [0.127]	2.758 [0.219]	3.372 [0.127]	3.436 [0.121]
Trade share	-2.143 [0.029]	-2.270 [0.021]	128.307 [0.300]	-2.346 [0.016]	-2.241 [0.023]	-2.388 [0.015]	-2.355 [0.017]	-2.317 [0.018]	-2.369 [0.016]
Previous foreign deals in county	-0.001 [0.441]	-0.000 [0.661]	-0.060 [0.548]	-0.000 [0.614]	-0.000 [0.928]	-0.000 [0.636]	0.000 [0.737]	-0.000 [0.475]	-0.000 [0.467]
Inverse Mill's Ratio	0.093 [0.022]	0.085 [0.063]	22.696 [0.126]	0.079 [0.093]	0.095 [0.103]	0.086 [0.088]	0.122 [0.091]	0.092 [0.088]	0.089 [0.434]
Constant	-1.126 [0.307]	-1.094 [0.320]	-59.219 [0.673]	-0.427 [0.706]	-0.244 [0.826]	-0.698 [0.532]	-0.382 [0.733]	-0.184 [0.869]	-0.592 [0.625]
Industry Dummy	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year Dummy	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	267	267	162	267	221	232	227	267	267
R-squared			14.70%						
Pseudo R Square	21.83%	21.95%		21.25%	21.81%	22.05%	21.01%	21.18%	20.11%

P-values in parentheses; The dependent variable in Model 3 is the duration of competition, while the dependent variable in other models is the likelihood of completion.

Table A3: CFIUS Most Frequently Reviewed Sub-Sectors

CFIUS Most Frequently Reviewed Sub-Sectors	
Finance, Information, and Services Category	**Sub-Sector NAICS Code**
- Professional, Scientific, and Technical Services	541
- Publishing Industries	511
- Telecommunication Industry	517
- Data Processing, Hosting, and Related Services	518
Manufacturing Category	**Sub-Sector NAICS Code**
- Computer and Electronic Product Manufacturing	334
- Machinery Manufacturing	333
- Transportation Equipment Manufacturing	336
- Electrical Equipment, Appliance, and Component Manufacturing	335
- Chemical Manufacturing	325
Mining, Utilities, and Construction Category	**Sub-Sector NAICS Code**
- Utilities Subsector	221
Wholesale Trade, Retail Trade, and Transportation Category	**Sub-Sector NAICS Code**
- Support Activities for Transportation	488

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