

*Research Paper***Foreign Direct Investment Impact on Emerging and Transition Economies: A Sustainability Perspective***Submitted in 04, may 2023**Accepted in 28, june 2023**Evaluated by a double-blind review system***FRANCISCO DAVID BARROTE PINTO DA MOTA^{1*}**
PAULA CRISTINA DA SILVA FERREIRA NETO RODRIGUES²**ABSTRACT**

Purpose: In this article it is intended to analyze the impact of Foreign Direct Investment on the adoption of sustainability practices in Emerging and Transition Economies. In this context, it is adopted a perspective where value creation encompasses the capacity of an enterprise to generate value to its stakeholders, considering the influence of its activities on the environmental and social domains.

Design/methodology/approach: Accordingly, it was developed a case study that is divided into two parts.

On the first part, it is evaluated social and environmental indicators in Poland, a Transition Economy adopting a comparative perspective that focus on the relative performance of the country in comparison to Portugal, a developed economy. This evaluation was done under the lenses of the Sustainable Development Goals (SDGs) articulated under the 2030 Agenda for Sustainable Development.

On the second part of the study, it was reviewed the impact of multinational enterprises activities on environmental and social welfare. Relative to this, the article adopts a innovative comparative approach, as it is the first study to analyze McDonald's corporate sustainability practices in two different markets: Poland and Portugal. Besides this, it provides a disruptive analysis on cross cultural sustainability and its impact on international sustainability dynamics, using an approach that focuses on the contribution of Multinational's Sustainability Practices on the accomplishment of Sustainable Development Goals.

Findings: It is concluded that, under a globally adopted strategy including relevant economic and social agents, that Foreign Direct Investment contributes to enhance environmental and social sustainability. Besides this, it is also highlighted the role of strategy flexibility so that sustainability practices achieve a significant impact on local context as well.

Originality: This study analyses the impact of Foreign Direct Investment in host countries by considering a cross-country sustainability analysis, that focuses on Multinational Enterprises strategic behavior.

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1. Introduction

Foreign Direct Investment (FDI) has been an important factor in economic growth and human development worldwide.

In this context, according to the United Nations Conference on Trade and Development (UNCTAD), on the World Investment Report 2021, FDI movements have shifted from developed economies to emerging and transition economies, which represent 66% of the total FDI.

For that reason, this study intends to analyse FDI Inflows, in order to establish a relationship between FDI in Emerging and Transition Economies and the sustainability of the companies that are operating on those markets.

Accordingly, this study aims to answer the following research questions:

What is the relationship between sustainable business practices and FDI?

What is the role of institutional factors on multinational's sustainability practices?

Are there country level differences, between Poland and Portugal, regarding the accomplishment of Sustainable Development Indicators?

The paper establishes three main objectives. Firstly, it intends to evaluate whether FDI enhances sustainability practices in MNE's strategy in Emerging and Transition Economies. Moreover, it intends to analyze the impact of institutional factors and infrastructure on MNE's strategy regarding sustainable Foreign Direct Investment. Finally, it is also studied the effect of context specific variables in host countries of FDI on MNE's Environmental, Social and Governance (ESG).

It is organized as follows:

On the first section, it is studied the theoretical framework on Foreign Direct Investment, while in the second section it is developed on the recent literature on sustainability and the relationship between Foreign Direct Inflows and sustainability practices. Following this, the methodology is delineated, on the third section, and, afterwards, it is developed the analysis of results, and finally the conclusions obtained in this case study.

2. Literature Review

2.1. Foreign Direct Investment

Hymer (1960) defined FDI "as (...) a form of capital movements in which the investor controls the foreign enterprise in which the investment is made" (p.3), or, in other words, that the key motivator to FDI is the extent to which the operations and profitability of a company is affected by international capital movement.

From this standpoint, UNCTAD (2011) underlines the impact of control, effective voice management and the economic interest of companies as underlying aspects of Foreign Direct Investment. To this regard, Moosa (2002) establishes that the three distinctive

features of Foreign Direct Investment lie upon effective voice management, control and a long-lasting economic interest.

Having stated this, it is important to look at the different entry modes the Multinational Enterprise (MNE) could adopt when engaging in FDI activities. Accordingly, there is a distinction between greenfield investments and mergers and acquisitions (M&A).

UNCTAD (2006) refers to greenfield investments as projects that encompass the creation of new production facilities, capabilities and the acquisition and development of intangible assets. In this context, the affiliate uses the capital flows, to acquire the production factors to engage in international production, namely, physical capital, human capital and subsidiary goods.

In contrast, Mergers and Acquisitions, do not necessarily imply an increase in productive capacity. Instead, they “(...) involve the partial or full takeover or the merging of capital, assets and liabilities of existing enterprises in a country by TNC from other countries.” (UNCTAD, 2006, p.15).

Nonetheless, while merging activities imply the creation of a new legal entity, that includes the combined assets (and liabilities) of the group, acquisition activities imply the property transfer from the local company to the foreign one, and, in this context, the former becomes an affiliate of the latter (Harzing, 2002).

On the whole, while Greenfield investments are associated with an expansion of the production capacity of an existing MNE firm, M&A are usually associated with the rationalization of resources and a more efficient allocation of the target company assets and capabilities (Harzing, 2002).

2.1.1. Determinants of Foreign Direct Investment

The Heckscher-Ohlin model establishes a starting point to the determinants of Foreign Direct Investment, namely, the theory of international trade. Accordingly, it develops on the theory of comparative advantage, that bases its findings on the idea that what justifies international trade movements are the relative productivity of countries and enterprises, as described by Leamer (1995).

Vernon (1966) on its Product Life Cycle Theory, affirmed that international trade does not only depend on the country's initial endowment of production factors but also on, its capacity to generate new assets, namely, intangible assets.

However, one must note that these incentives to engage in international production are not constant throughout time, instated, the investment decision of a multinational enterprise will depend on the stage of product's development life cycle: Introduction, Maturity and Standardization (Vernon, 1966).

Even though, macroeconomic theories of Foreign Direct Investment, explain the direction of the inflows and outflows of international production, the reasons that motivate the multinational enterprise to engage in international production are explained by microeconomic theories of Foreign Direct Investment.

Hymer (1960) aims to decipher how a multinational can be competitive, despite the fact that it faces a significant disadvantage when entering a foreign market.

From this, it arises the imperfect market paradigm stating that FDI is explained by market imperfections, such as, asymmetric information problems and transaction costs.

Under this, it is developed the internationalization theory, whose aim is to provide answers to how multinational companies can obtain comparative advantages in foreign direct investment. To this regard, according to Williamson (1975), a company can increase its competitiveness by opting for horizontal or vertical integration in the market, with the objective of reducing uncertainty, systematic risk and transaction costs.

Buckley & Casson (1976) argue that under market frictions, uncertainty and transaction costs, internalization could be seen as a viable alternative to the market, namely, through FDI, since internalization allows companies to avoid government restrictions in external markets.

On the other hand, the Transaction Costs Theory develops on the idea that multinational enterprise may recur to Foreign Direct Investment activities in order to reduce transaction costs derived from international transactions. Knowing this, the transaction costs theory establishes, that hierarchy relationships between MNE's affiliates help in eliminating transaction costs (Buckley & Casson, 1976). However, the sole existence of transaction costs is not a sufficient condition to justify FDI. That is, in order to engage in international production, the MNE should have lower organization costs than the costs required to organize its activity through market relationships.

Following the micro and macroeconomic determinants of Foreign Direct Investment, Dunning (1980) develops the eclectic theory of international production, an integrated approach for analysing FDI, that joins both the enterprise and country perspective on FDI. Accordingly, it establishes the Ownership, Localization, Internalization (OLI) paradigm that provides answers to how a company can be competitive while investing abroad, where does it invest and why should it opt for FDI.

While location specific endowments, may be defined as comparative advantages that are used for all the firms present in a single country, which are not transferable to another country, ownership specific endowments, are not mobile within companies, but instead they are easily transferrable within countries at lower costs.

Besides this, one must note that ownership specific advantages have two distinctive features: exclusivity, and transferability between countries. However, as stated by Dunning (1980) there can be some degree of correlation between ownership specific advantages and location specific endowments.

Note that, if markets were perfectly competitive, then MNE's would have no incentive to internalize their activities, since domestic companies would be able to serve the domestic markets in competitive conditions. Therefore, what explains internalization are market imperfections arising from high transaction costs, uncertainty and operational costs (Dunning, 1980).

Consequently, the OLI paradigm establishes that FDI Inflows can be explained in terms of changes in the ownership and internalization advantages of its enterprises, relative to those of other nationalities and/or changes in location specific endowments (Dunning, 1982).

Recent studies have also looked upon the institutional determinants of Foreign Direct Investments.

In this context, Buchanan et al. (2012) underline the impact of institutional factors on FDI volatility. From this, it is studied that institutional infrastructure has a negative relationship with FDI volatility. Therefore, it establishes that institutional variables are not only important in explaining the levels of FDI in host countries, but also, are a

significant predictor on the magnitude of its evolution. Daude et al. (2007), established that poor institutions act as a significant investment cost. For this reason, Buchanan et al. (2012) affirmed that institutional reforms are an important factor explaining FDI and economic growth.

On the other hand, Dunning & Lundan (2008) offered an integrated approach that encompasses the inclusion of institutional determinants on the eclectic paradigm of international production. In this context, the firm is defined by a set of strategic and short-term objectives that are not exclusively related to profit maximizing activities.

2.2. Perspectives on Sustainability

Brundtland (1987) defines sustainable development as development that can cope with present necessities without compromising society's ability to develop in the future. On one hand, the definition provided is conscient in the sense that it makes as a priority the capacity to meet essential needs, while establishing a frontier limit on development marked by social technological and production capacities.

Since recent FDI studies on the determinants of Foreign Direct Investment focus on the coordinated set of MNE's activities, as stated by Dunning & Lundan (2008), therefore it is of crucial importance to analyse ESG Factors and its importance on FDI Inflows.

Regarding this, Singh & Kapuria (2021) found that sustainability has a positive impact on the quality of FDI Inflows in developing countries. To this regard, the article concluded that control of corruption, political stability and electricity consumption had a positive effect on sustainable FDI, while an increase in CO₂ had a negative impact on sustainable FDI.

Moreover, Dornean et al. (2022) argues that there is a positive relationship between the amount of FDI Inflows in European Union developed countries and the sustainability of the business environment. Overall, these studies give room to the idea that sustainability can both increase the quality and quantity of Foreign Direct Investment Inflows.

From the hereabove, there is the question of how FDI can enhance sustainability in host countries. To analyse this, one would need to look at Sustainable Development Goals (SDGs) that looks at sustainability in 17 different dimensions (United Nations, 2016)³.

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- (i) ³ No poverty – End poverty in all its forms everywhere
 - (ii) End Hunger, achieve food security and improved nutrition and promote sustainable agriculture
 - (iii) Ensure healthy lives and promote well-being for all at all ages
 - (iv) Ensure inclusive and equitable quality education and promote lifelong opportunities for all
 - (v) Achieve gender equality and empower all women and girls
 - (vi) Ensure availability and sustainable management of water and sanitation for all
 - (vii) Ensure access to affordable, reliable, sustainable, and modern energy for all
 - (viii) Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all
 - (ix) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
 - (x) Reduce inequality within and among countries
 - (xi) Make cities and human settlements inclusive, safe, resilient, and sustainable
 - (xii) Ensure sustainable consumption and production patterns
 - (xiii) Take urgent action to combat climate change and its impacts
 - (xiv) Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
 - (xv) Protect, restore, and promote use of terrestrial ecosystems, sustainably, manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
 - (xvi) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

3. Methodology

In this paper, it will be used a qualitative methodology, based on a case study approach, where it will be studied the impact of social and environmental variables on the FDI Inflows.

Qualitative research highlights the interpretation of social phenomena as a way of understanding the social domain via the experiences of the individuals. The comprehension of the social as defined per se in the qualitative methodology makes an emphasis on human behavioural variables, since it encompasses the full spectrum of the social interaction that define the object of the study (Mohajan, 2018).

Case Study is a methodology that has two distinctive features. On one hand, it examines an object of study and a certain phenomenon within its real-life context and is used when the object of study cannot be separated from the context where it is inserted. On another hand, a case study is the analysis of an object of study, namely a single entity or a small group of entities.

To this extent, the case study can be seen as exploratory research where past research and literature play a significant role in interpreting the results of the events analysed. In fact, according to Yin (1994), case study must rely on multiple sources of evidence so that it can benefit in their analysis from the work that was created beforehand.

Therefore, case studies can be generalizable, meaning that their conclusions and theory formulation could be tested and replicated in other case studies. (Dul & Hak, 2008).

Given this, Dul & Hak (2008) distinguish two types of case studies:

Single Case Study- the data obtained from a single entity is enough to meet the research objectives; Comparative Case Study- it is analysed data from two or more entities, or from two data points for the same entity to meet the research objectives.

Knowing that it is pretended to study the impact of environmental and socially responsible Investments in Portugal (developed economy) and Poland (Transition Economy) this work falls into the comparative case study category, since it pretends to establish the impact of ESG measures in FDI Inflows in these two countries.

For this purpose, it was obtained data from McDonald's Portugal and McDonald's Poland regarding their social, environmental and governance factors, using McDonald's Portugal "Relatório dos 30 Anos", and McDonald's report on the impact of its activity on the Polish economy, in order to establish a analytical and holistic view on McDonald's activity on both Developed and Transition Economies.

Moreover, it was done an interview with McDonald's Portugal to develop on the questions regarding McDonalds Sustainability practices in Portugal and throughout the group as well.

We will refer not only to the common institutionalized business practices of McDonald's but also, the differences and particularities of each country with respect to its social, economic and environmental specific constraints.

(xvii) Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

4. Results

4.1. Transition and Developed Economies: An overview

To study the impact of Foreign Direct Investment on Sustainability, it was used a comparative approach that studies the Sustainability practices in both Poland and Portugal. However, the approach that has been developed throughout the study is dependent upon the inherent characteristics of the Polish and Portuguese Economy.

To this extent, Round (2009) established that a transition economy is going through significant macroeconomic reforms with the objective of changing the paradigm of the country. Namely, Transition Economies aim to change focus from a state-run economy to a market-led economy (Round, 2009). Taking into consideration the work of the author, Poland is in a process of moving towards economic liberalization and free markets, which considers private initiative as a mean to reach welfare, economic and human development.

On the other hand, using MSCI Market Classification Framework, according to MSCI, (2022) there are three criteria that determine the level of progress of an economy:

- (i) Economic Development (Sustainability of Economic Development)
- (ii) Size and Liquidity (Company size, measured by market capitalization, Security Size, measured by floating market cap and Security Liquidity)
- (iii) Market Accessibility (openness to foreign ownership, ease of capital inflows and outflows, efficiency of operational framework, availability of investment instrument and stability of the institutional framework)

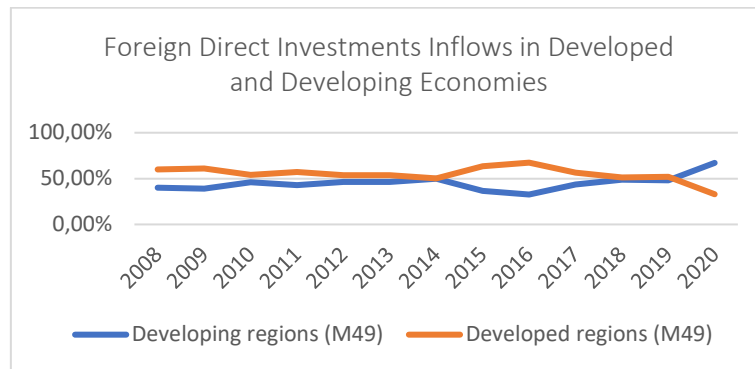
Using this criteria and Round (2009) approach Poland is considered a Transition Economy for the objectives of the study while Portugal is considered a Developed Economy.

4.2. Recent Trends on Foreign Direct Investment

Foreign Direct Investment worldwide has increased 64% to 1,58 trillion USD in 2021 as compared to 2021 (UNCTAD, 2022). This is a result of significantly increasing cross-border mergers and acquisition activities and international project finance investments due to a lower cost of capital and high liquidity investments (UNCTAD, 2022).

However, investment climate has changed significantly due to the war in Ukraine which will increase systemic risk, volatility and uncertainty regarding FDI. For that reason, according to World Investment Report 2022, the FDI is expected to present a downward trend or, in the best scenario a stabilization.

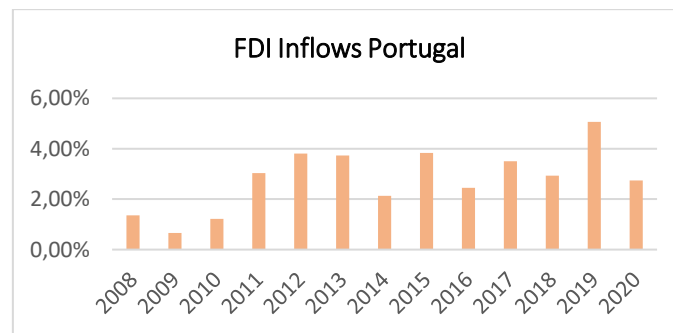
Figure 1: Foreign Direct Investment Inflows in Developed and Developing Economic (% of the Total World)



Source: Own elaboration based on data of UNCTADstat (2022)

From the analysis of figure one, there has been a shift in Foreign Direct Investment Inflows from Developed Economies, which accounted for more than two thirds of FDI in 2016, to Developing Economies that attracted almost 70% of the total FDI Inflows in 2020.

Figure 2: FDI Inflows from Portugal from 2008 to 2020



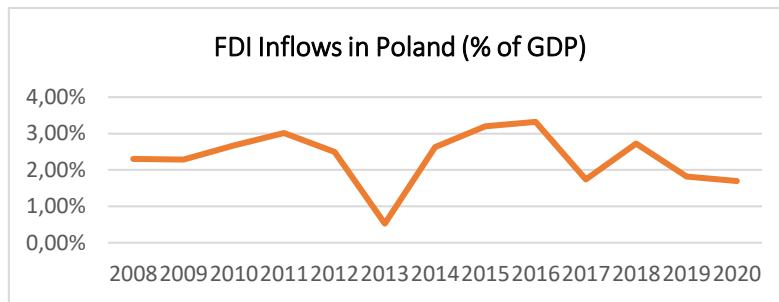
Source: Own elaboration based on data of UNCTADstat (2022)

Looking at the FDI Inflows, and despite several oscillations the dimension of those movements almost tripled from just above 1% in 2008 to almost 3% in 2020. This is related to the upward trend in FDI Inflows from 2008 to 2013 which increased FDI Inflows to almost 4% of Portugal’s GDP (as it is demonstrated on Annex 2).

Despite several oscillations, between 2013 and 2017 FDI Inflows maintained above the 3% GDP level. In 2019, there was a significant increase in the investment of MNE in Portugal as FDI Inflows reached 5% GDP. However, in 2020, in response to the pandemic crisis there was a significant downward movement in FDI from 5% to 3%GDP. According to Nicola (2021), the actual macroeconomic context offers an opportunity to engage in international production, through the acquisition of significant organizational and technological capabilities related to digitalization activities.

Besides this, Dunning et al. (2008) argues that the expansion and liberalization of the European Market is an important factor in explaining the evolution of foreign investment as it creates an incentive for companies to create and internalize ownership specific advantages.

Figure 3: Foreign Direct Investment Inflows in Poland from 2008 to 2020 (% of GDP)



Source : Own elaboration based on data of UNCTADstat (2022)

Respecting Poland’s attractiveness, as a host destination of Foreign Direct Investment, it was analyzed the FDI Inflows to Poland, from 2008 to 2020.

To this respect FDI Inflows, have suffered several oscillations from 2008 to 2020 reaching their maximum at around 3,5% of Poland’s GDP in 2016. However, the impact of FDI Inflows should not be dissociated with the international economic dynamics that affected capital and financial markets. This is clearly seen in the decrease of FDI Inflows from 2010 to 2013, where there was higher volatility and significant uncertainty levels in the market. Nonetheless, looking at the overall evolution of FDI Inflows its levels did not change significantly in 2020, comparing to 2008, pre-financial crisis levels.

4.3. Environmental and Social Sustainability

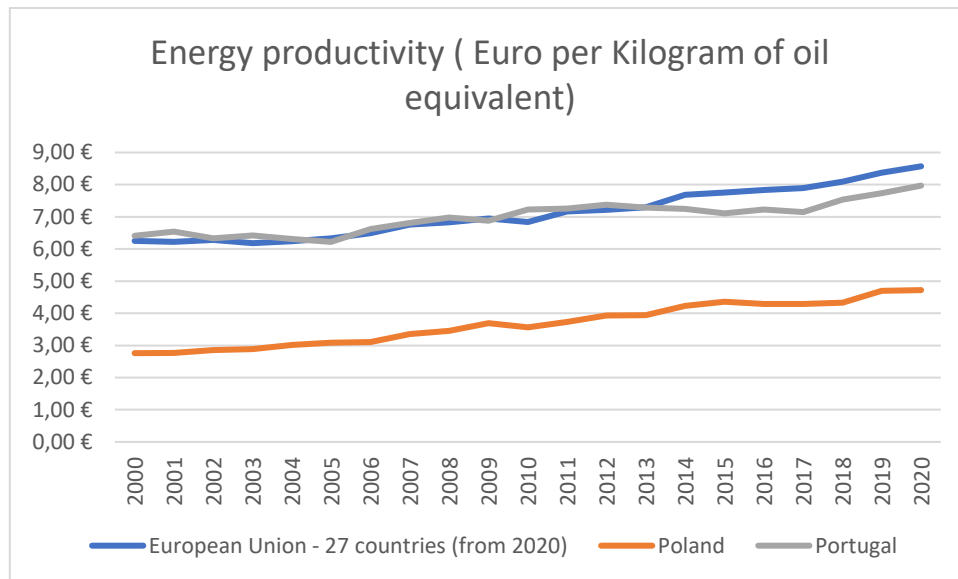
According to Crane and Matten (2016), environmental sustainability refers to the “(...)effective management of physical resources so that they are conserved for the future.” (p.34).

On this perspective environmental sustainability is concerned with a rational use of environmental resources so that their availability will not be affected in the medium and long-term and the welfare of younger generations is ensured (Crane & Matten, 2016).

The authors considered several problems that are relevant when analyzing the concept of environmental sustainability, namely the use of non-renewable resources and the production of damaging environmental pollutants on the primary, secondary and tertiary sectors.

In this context, and taking into consideration the work of the authors, on a first instance it is evaluated the energy efficiency, in Poland and Portugal, looking at the energy usage by measuring the economic output, using Purchasing Power Standard (PPS) per unit of gross available energy. This stimulates the development of measures and indicators related to energy usage under SDG 7 (Affordable and Clean Energy).

Figure 4: Energy productivity in European Union, Poland and Portugal, measured by PPS



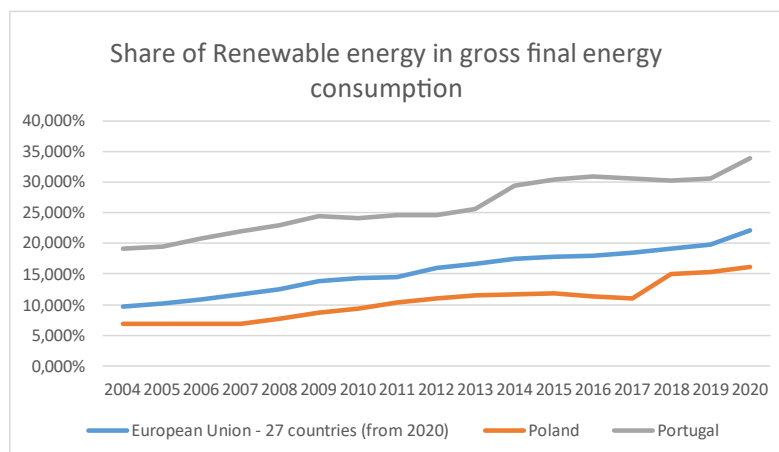
Source: Own elaboration based on data obtained from EU (2022)

Accordingly, we see that on both Portugal and Poland there has been consistent improvements on energy productivity meaning that overall energy efficiency is increasing.

However, while Portugal is close to the European Union in terms of energy productivity throughout the sample period, reaching eight euros per unit of oil equivalent in 2020, Poland is still a long way to go to reach European Union levels with just around four euros per unit of oil equivalent of economic output.

Note that we should not only look only at whether energy has been used efficiently, but also if energy sources come from sustainable and reliable energy sources. For that reason, on figure three it is presented the share of renewable energy on gross final energy consumption, which comprises final energy consumption plus grid losses and self-consumption of power plants.

Figure 5: Share of Renewable Energy in gross final energy consumption in European Union, Poland and Portugal



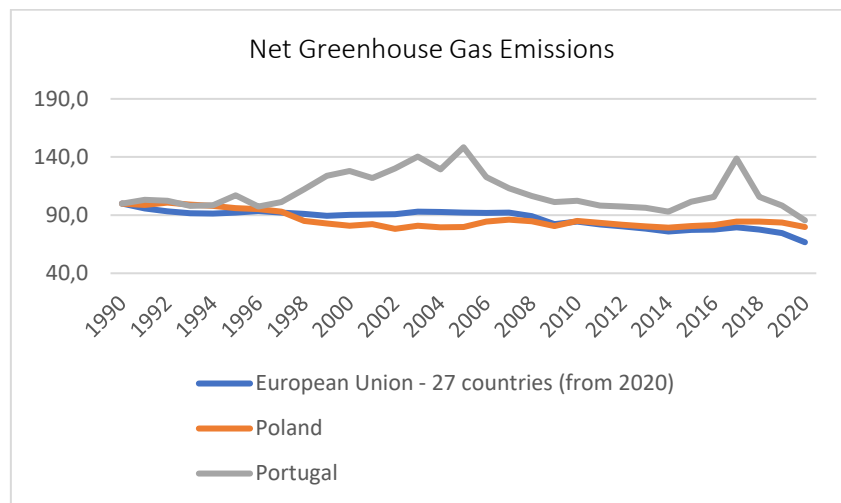
Source: Own Elaboration based on data obtained from EU (2022)

In this context, Portugal has managed to increase its share of renewable energy in gross final consumption, from around 20% in 2004 to just below 35% in 2020.

This contributes to attain SDG 7, that aims to universalize the use of energy, while increasing energy efficiency and the sustainability of energy production and usage (United Nations, 2016). Note that this value is almost double the share of renewable energy of the overall European Union Countries in 2020 and triple the amount of the share of renewable energy of Poland, which, in 2020, despite significant increases since 2017, situates around 10%.

In conclusion, Portugal presents, on one hand, a better energy efficiency while being able to achieve it using cleaner sources of energy.

Figure 6: Net Greenhouse Gas Emissions (INDEX 1990=100);



Source: Own Elaboration Based on data obtained by EU (2022)

On the other hand, while efficient use of energy, is an important variable in environmental sustainability, it is important to look on how that indicator reflects on greenhouse gas emissions.

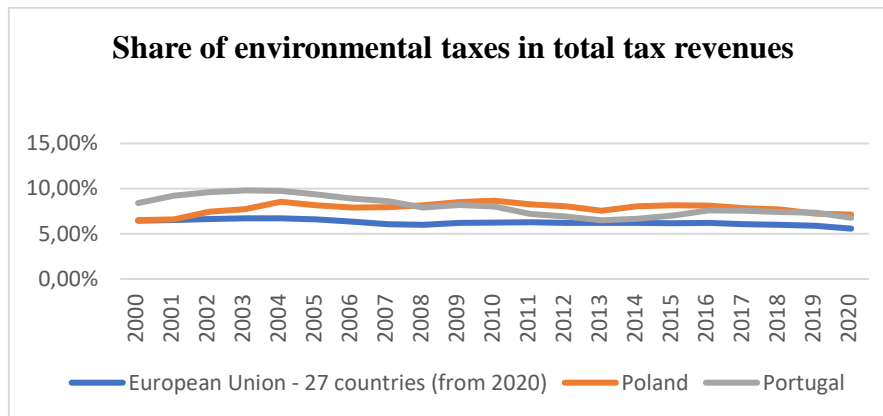
There has been a 40% decrease in the net greenhouse gas emissions from 1990 to 2020, representing the commitment of the European Union countries in fighting climate change under the SDG 13.

In this context Poland managed to reduce its net greenhouse gas emissions by 20%, even though still far below European Union’s average reduction in net greenhouse gas emissions.

On the other hand, Portugal has had several oscillations in net greenhouse gas emissions in this period. From 1990 to 2005, and opposite to the European Union’s tendency, Portugal increased its net greenhouse gas emissions by 40%. From 2005 to 2014, it managed to recover and bring net greenhouse gas emissions back to 1990 levels. From 2014 to 2018, net greenhouse gas emissions bounced back to 2014 to 2006 levels.

From 2018 to 2020, net greenhouse gas emissions decreased from 140% to 80% of 1990.

Figure 7: Share of environmental taxes in total tax revenues in European Union, Poland and Portugal



Source: Own elaboration based on data obtained from EU (2022)

Environmental taxes aim to redistribute wealth to environmentally friendly activities, and, therefore, have significant impact in enforcing society’s effort in increasing welfare and quality of life, under Sustainable Development Goals 17 (Partnership for Goals).

In this context, the European Union reduced the share of environmental taxes by around 0,5% from 2001 to 2020, which may be a result of two distinct factors that may act together, and independently in defining European environmental tax policy:

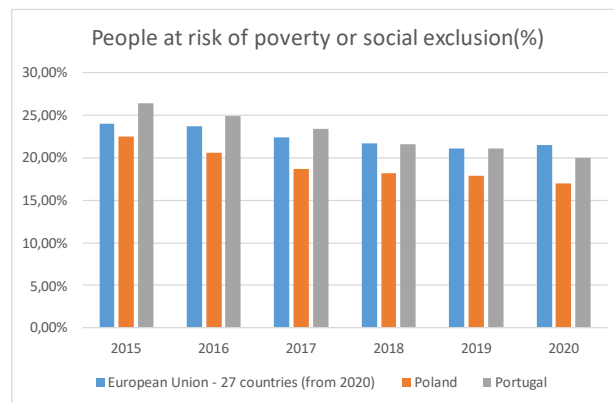
- (i) Negative externalities resulting in significant environmental damage have reduced, therefore leading to a moderate reduction in the share of environmental taxes in total tax revenues
- (ii) Countries evaluated that a relative increase in environmental taxes would lead to lower attractiveness levels of Investment (both Domestic and Foreign), and therefore, they would reduce the share of environmental taxes to not prejudice economic growth

While in (i) the reduction in environmental taxes may imply a step forward towards reaching environmental sustainability, since the environmental damage from the country’s economic and social activities is lower, in (ii) Foreign and Domestic Investment may lead to value destructive activities.

Using the data from figure 6 and 7, it can be concluded that while in Poland and the European Union the reduction in the share of environmental taxes is associated with lower net greenhouse gas emissions, the Portuguese case is significantly different. Even though the share of environmental taxes is higher than European Union average, Portuguese case of policies regarding environmental taxes fit on (ii), namely in the period between 2000 and 2007. While net greenhouse gas emissions were increasing, and, consequently, an (expected) increased environmental taxes, Portugal has reduced its share of environmental taxes in total tax revenues from 10% to around 8%. In response of 2008 crisis Portugal changed its policies, which started to behave more like case (i). While net greenhouse gas emissions reduced from 2008 to 2014, Portugal adjusted its share of environmental tax to reflect a lower impact of negative externalities on the environment. From 2014 to 2018, the increase in net greenhouse gas emissions made the share of environmental taxes to increase from 6% to 8%, before stabilizing around that level from 2018 and 2020, where greenhouse gas emissions faced a severe reduction.

Furthermore, it was also analyzed social sustainability indicators in Poland and Portugal.

Figure 8: People at risk of poverty and social exclusion



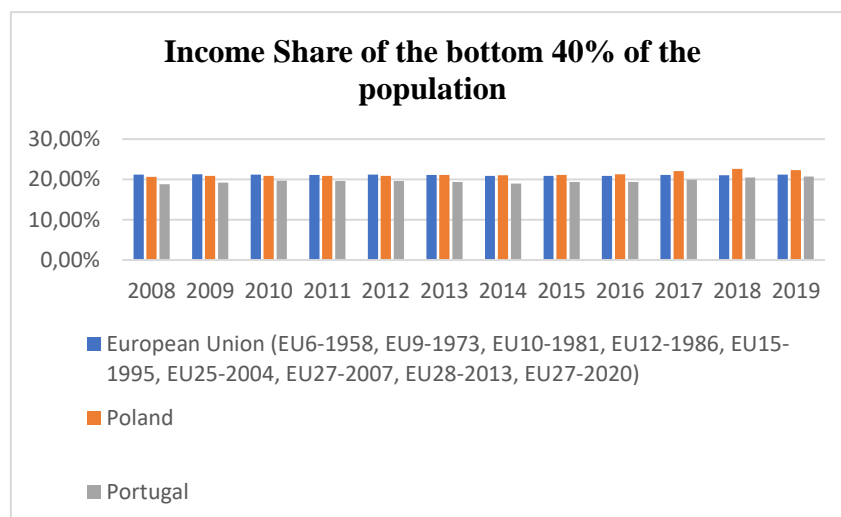
Source: Own Elaboration based on data obtained by EU (2022)

On a first instance it was studied the people at risk of poverty or social exclusion. Accordingly, figure 8 shows that there are still around 20% of people in the European Union that are socially, economically, and materially excluded. This represents a significant challenge regarding social sustainability, as SDG 1 aims for the reduction of poverty to almost null levels, that must be attained. In this context, Poland it managed to consistently reduce the risk of poverty and social exclusion to levels below 20% in 2020.

To this respect, even though Portugal, is bellow European average, there are still 20% of people at risk of being socially apart, even when social transfers are considered.

Besides this, the question of socially and materially deprivation, leads to inequality of opportunities, as defined by Crane & Matten (2016). For that reason, it was studied the income inequalities in the European Union, Portugal and Poland.

Figure 9: Income share of the bottom 40% of the population



Source: Own Elaboration based on data obtained by EU (2022)

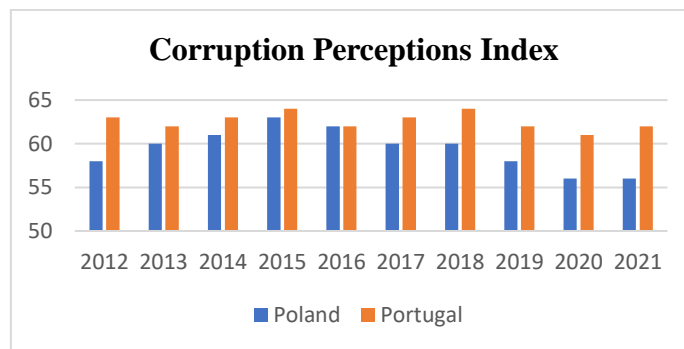
From the analysis of income inequalities, under the lens of SDG 10 that aims to reduce inequalities, from both Portugal and Poland, and despite minor oscillations, the bottom

40% of the population earned about 20% of the total disposable household income, throughout the period in analysis.

This creates a situation where the disfavored population groups, face several inequalities in reaching education, health, and social services as their purchasing power is relatively diminished. More important, it creates an economic and social environment that favors the perpetuation of economic and social inequalities.

Furthermore, another important aspect, in evaluating social welfare, in a country is the extent to which through its social, legal and economic environment it manages to maintain corruption at low levels. For that reason, it is also analyzed the Perception Corruption Index detailed on figure 9.

Figure 10: Corruption Perceptions Index in Poland and Portugal from 2012 to 2021



Source: Own Elaboration based on data obtained by EU (2022)

This indicator gathers data from thirteen diverse sources and studies the corruption on the public sector, as transparency and non-corruption environments are important to achieve SDG 16. based on a ranking sector, where zero represents a very corrupt country, while one hundred represents a country that faces no significant corruption problems.

While Poland, has managed to increase its score, implying a cleaner country from 2012 to 2015, the tendency inverted and started decreasing reaching a score of 56 in 2021. In Portugal, from 2012 to 2018 there is not a clear tendency on the evolution of the corruption perceptions index ranging from 62 to 64 throughout this period. However, after 2018 the corruption perception index reduced from 64 in 2018 to 62 in 2021, reaching its minimum value in 2019.

4.4. McDonald’s Portugal

McDonald’s launched its activity in Portugal with the opening of the first restaurant in Lisbon District. At the moment, McDonald’s has 183 Restaurants, from which 90% are franchised, distributed across the country with 115 products and 87 McCafé’s. In 2020, McDonald’s had an average of 133 000 customers per day (McDonald's Portugal, 2021).

McDonald’s established business relationships with seven hundred business partners, which represents 70% of the total McDonald’s Portugal suppliers and 50% of its total purchases (in value).

McDonald’s Portugal (Sistema McDonald’s Portugal, Lda) is a limited liability company founded in 1989 with its headquarters in Oeiras, Portugal. McDonald’s Portugal operates in the IEO Informal segment. The company is able to manage and operate company owned restaurants and manage and celebrate franchise contracts, acquire ownership of

real estate assets to pursue its activity or celebrate long-term real state lease contracts to establish and operate new restaurants. Besides this, it also manages intangible assets, namely McDonald's trademark and author rights in Portugal (Guedes, 2019).

The company is owned by McDonald's Restaurant Operations (99,998%) and McDonald's Corporation (0,002%). (Indirect control relationship by McDonald's Corporation since McDonald's Restaurant Operation is a subsidiary of McDonald's corporation) (Guedes, 2019).

McDonald governance practices, and its environmental and social responsibility plan is guided upon the UN Sustainable Development Goals under its four pillars: Food, People, Planet and Community.

To this regard, inserted in its Environmental Sustainability Strategy, McDonald's Portugal aims to reduce the emissions of its restaurants and offices in Portugal by 36% until 2030, helping achieving SDG 13. Besides this, it also aimed to have a positive impact on the global value chain and the sustainability practices of its suppliers by decreasing by 31% the greenhouse gas emissions of the overall supply chain until 2030 (McDonald's Portugal, 2021).

To achieve this, McDonald's Portugal enhanced Green Mobility by introducing, since 2020, 18 charging posts in their restaurants. McDonald's Portugal aims to have its car fleet moved by electric means by 2030. According to the report, in 2020, 25% of McDonald's car fleet in Portugal was composed by electric vehicles.

Besides this, McDonald's installed photovoltaic panels in nineteen of its restaurants which produced 60.00 kwh of renewable and sustainable electric energy. Besides this, close to 100% of McDonald's restaurants are fueled by sustainable sources of energy, namely, hydric energy.

McDonald's Global strategy aims to increase diversity, equity and inclusion in the workplace.

In this context, McDonald's opened a Training Center that aims to increase technical and behavioral capabilities, offering more than 12 courses for different levels. It focuses on Leadership and Communication Skills that aim to increase welfare as well as productive efficiency in the company (McDonald's Portugal, 2021) .

Moreover, McDonald's Portugal developed a Leadership formation for management assistants (DLEM – Desenvolver o Líder que há em mim), which impacted two hundred McDonald's employees.

Besides this, it was also developed a training program for newly restaurants leaders ("Leading Great Restaurants) in which seventy restaurant managers were enrolled.

McDonald's training programs are part of the company's international strategy and follow the guidelines of the Hamburger University, that creates personalized companies to make the company more competitive in the Quick Service Restaurants Sector (McDonald's Portugal, 2021).

In addition to this, the training programs offered by McDonald's Portugal are certified by the Direção Geral do Emprego e das Relações do Trabalho (DGERT). Under this certification McDonald's gives 250.000 training hours per year to their employees (McDonald's Portugal, 2021).

McDonald's also launched the UP Program that gives scholarships to employees that are pursuing undergraduate and graduate programs. In 2020, there were attributed two hundred scholarships on the UP Program, with a total investment of 100.000 €.

The training program is established to have a long-term impact in McDonald's business strategy. This reflects on career progression and development from McDonald's employees, given that 90% of restaurant managers started their career as McDonald's employees. Additionally, 50% of the collaborators on company's office started as restaurant staff in McDonald's restaurants (McDonald's Portugal, 2021).

These initiatives enhance McDonald's Portugal contribution to improve the quality of education, that is, SDG 4 ("Quality of Education).

It should be also noted that it was also locally implemented the Ronald McDonald Foundation that since 2000 started its activity on increasing children welfare and reducing inequality in the access to health. McDonald's Portugal founded their first Ronald McDonald House in 2008, close to Hospital Dona Estefânia. In 2013, it was launched the second Ronald McDonald House near the pediatric campus of Hospital São João. Besides this, in 2017, McDonald's created the first familiar space in Hospital Santa Maria, in Lisbon.

From the Ronald McDonald Foundation and their impact on society, McDonald's enhances welfare, and creates conditions for parents to aid their children that are in severe health conditions and therefore, it helps to accomplish SDG 3.

Another important aspect in ensuring a sustainable social activity, is trended towards food security and quality control. For that reason, both McDonald's Poland and McDonald's Portugal use the HACCP system to certify their internal procedures. Besides this, food security in McDonald's is ensured by Associação Portuguesa de Certificação (APCER) under the norm APCER 3002.

Besides this, McDonald's Hamburgers are certified under the norm APCER 5003 ensuring that they are made by 100% beef meat.

In 2006 McDonald's Portugal implemented the initiative "Cozinha Aberta 365 Dias" which aims to share McDonald's practices regarding food manipulation, health and hygiene procedures allowing consumers to do a virtual tour of McDonald's kitchens and observe its health and hygiene procedures. In this context, since the beginning of the program, McDonald's Portugal did 57 000 virtual tours.

Another important aspect is the disclosure of nutritional information in the company's offering since 2006, which helps increase consumer's awareness, reducing negative externalities from less healthier lifestyles. To this regard, McDonald's tried to make globally adopted changes to the meals offered to children, through the Happy Meal. In 2018, McDonald's established several objectives regarding nutritional qualities of Happy Meal, to be accomplished until the end of 2022:

- (i) Ensure that at least 50% of the meals
- (ii) Have less than six hundred calories
- (iii) Have less than 650 mg of Sodium
- (iv) Have less than 10% of their calories coming from added sugars

Besides this, McDonald's enhanced reading activities for children. In this context, since January 2019 families can opt to choose a book by a Portuguese author instead of the normal toy that usually comes with the Happy Meal.

4.5. McDonald's Poland

McDonald's opened their first restaurant in Poland on 17th June 1992 (McDonald's Poland, 2020). From there onwards McDonald's has 449 restaurants on 150 cities.

On 2004, McDonald's was the first restaurant chain to adopt the ISO 14001 certification, which establishes guidelines regarding environmental and sustainability management in companies.

McDonald's also opted to increase social sustainability and welfare in the prosecution of their business activity, by introducing the GYM&Fun spaces which added personal and healthy welfare spaces in McDonald's restaurants (McDonald's Poland, 2020). In 2015, McDonald's Poland created the first Ronald McDonald house in Poland in the Oncology Clinic of the University Hospital of Cracow. Through the Ronald McDonald foundation, McDonald's ensures that there is a closer connection with parents and children in need of serious healthcare that are located in Polish hospitals. It is also under construction, since 2020, a second Ronald McDonald House in Warsaw.

Besides this, on 2018 McDonald's made changes regarding the nutritional content of their menus offered to children, namely the Happy Meal menu. From this, the company aims to increase the nutritional qualities of their products and reduce calories, salt, and sugars from their Happy Meal Menus.

Regarding McDonald's Poland, Environmental Sustainability Strategy, McDonald's has established a plan to reduce its net greenhouse gas emissions by 36% in 2030 on its own offices and restaurants, and by 31% on overall supply chain gas emissions, as it aims to contribute to combat global warming and help to construct an adaptive and strong response to medium and long-term climate challenges, under SDG 13 (Climate Action).

In this context, McDonald's managed to shift from the use of non-Renewable energy Sources to renewable sources of energy. In fact, 71% of McDonald's Poland restaurants used green and non-polluting sources of energy, which corresponded to 148.639 Mwh of acquired energy (McDonald's Poland, 2020).

Besides this, McDonald's also aims to reduce net greenhouse gas emissions in the overall supply chain. McDonald's, therefore, created the Sustainability Beef Platform that unites all the market participants in the production of beef which aims to increase animal welfare and reduce the use of antibiotics (McDonald's Poland, 2020).

The idea that all market participants are part of this platform make it such that changes and measures that favor sustainability practices are implemented and practiced throughout the industry, and, consequently, have a significant effect in increasing environmental sustainability.

McDonald's also established a partnership with OSI Food Solutions, which under the "Cultivate" Program aims to spread the best management practices related to economic, social and environmental sustainability.

Finally, McDonald's aims to improve the reutilization and the sustainability in waste management and increase the efficiency of the supply chain. McDonald's uses a closed economic circuit approach where the focus is on the reutilization of waste made by the production of their products.

For that reason, McDonald's defined that 100% of the recycled of packaging must come from recycled materials. To achieve this, McDonald's Poland started to replace their plastic packaging by paper, produced from certified sources.

McDonald's tries to change consumers habits related to recycling. For that reason, 90% of McDonald's Poland restaurants have separated recycling containers so that there is on one hand, more efficient waste management while being able to reduce cost and increase operating efficiency, contributing to the accomplishment of SDG 11, namely the increase of the recycling rate of the waste generated in cities, regions and countries.

These measures implied a reduction of 122 898 kg of plastic per year as the straws that were used by McDonald's were made of paper, instead of plastic. Besides this, the change in the packaging of McFlurry reduced the usage of plastic by 70 828 kg per year. Furthermore, paper balloons, instead of plastic signified a reduction of 7 540 kg per year in the usage of plastic.

Moreover, the oil used in McDonald's production process is reused for producing sustainable biodiesel that will help reduce net greenhouse gas emissions.

It was also evaluated McDonald's Poland social sustainability strategy. To this regard, McDonald's enhances gender equality through its human resources management policies. In this context, 81% of the management roles in McDonald's Poland Owned restaurants are assumed by Women. This is in par with McDonald's global strategy of increasing the role of women in management positions and company decision making while adopting practices that aim to promote diversity and social inclusion. McDonald's diversity policies make it such that above 50% of the employees working in McDonald's Properly Owned Restaurants in Poland are below 25 years old. Furthermore, McDonald's offers a job opportunity that impacts younger generations through the acquisition of soft skills, related to communication, empowerment and leadership while creating a place for diverse cultures to prosper. In fact, 12% of McDonald's employees in properly owned restaurant are foreigners.

Its strategy was materialized in August 2020, where McDonald's became a signatory of the Charter for Diversity an initiative created by the European Commission, which aims to increase awareness, and improve non-discrimination treatment in companies, and alert for the importance of the adoption of anti-bullying practices in companies.

Besides this, it also developed a training program focusing on leadership, communication and interpersonal skills. In this context, the number of hours of training provided by the department for learning and Development was 2114 hours.

Moreover, more than 1200 employees participated in language courses that improved their knowledge on English, or, in polish, if the employee was not familiar with the polish language. In fact, McDonald's had a stipendium of 4 million PLN for its employs to enroll in language courses.

Finally, in the same year they also launched the Leon Kozminski Academy, which consists in a double post-graduation program where the McDonald's employees acquire knowledge about management related subjects applicable to the quick service restaurant sectors, in which McDonald's Poland operates.

From this, the question that arises is how these opportunities for professional and personal development translate into career progression and career development chances for McDonald's collaborators.

McDonald's Poland employs 27 000 workers, from which 4700 are employed in company owned McDonald's restaurants, 22.600 on franchised restaurants, and 174 people in McDonald's headquarters in Poland. Besides this, McDonald's also generated 16.000 direct jobs from contracted and outsourcing activities in the group.

McDonald's was also considered one of the top ten most attractive companies to work in Poland (McDonald's Poland, 2020)

Another question concerns on how the McDonald's global strategy and its local implementation influence the quality and food security of McDonald's offering. To this regard, McDonald's fish fillets are certified by MSC – Marine Stewardship Council, which ensures that it is captured according to sustainable fishing practices.

Besides this, the palm oil used by McDonald's is produced ensuring future agriculture and hydric resources under the RSPO certification – Roundtable on Sustainable Palm Oil.

Additionally, McDonald's coffee farms are certified by the RainForest Alliance, which endorses that coffee farms are in par with the best practices regarding environmental sustainability (McDonald's Poland, 2020)

Moreover, McDonald's also adopts internal security procedures in the handling of food, through the Hazard Analysis and Critical Control Point methodology (HACCP). McDonald's Poland has been shifting to a digital version of the HACCP that ensures that food quality is maintained in the production process through the critical point analysis in the stages of product's production.

McDonald's also establishes rigorous quality control measures in relation to their suppliers. In fact, McDonald's Poland implemented Safety and Quality Management System (SQMS) to ensure that the quality of their products is consistent and in accordance with its standards.

In relation to agricultural practices, to ensure the quality of their vegetable products, McDonald's implemented the Global GAP Plus norm.

Finally, and even though that this measures establishes strict quality control and food quality measures, McDonald's Poland is also targeted for periodic auditing procedures that evaluate the quality of the restaurant's offering, through the Across the Counter Quality (AQTCP) program, where, on a holistic approach, it is analyzed the whole production process since the delivery of food products and raw materials until the product is delivered to the final consumer. (McDonald's Poland, 2020)

Regarding the final product it is noted that McDonald's Poland cellulose packages are certified by Forest Stewardship Council (FSC) and PEFC (Program for the Endorsement of Forest Certification).

4.6. Impact of Local factors on McDonald's Global Sustainability Strategy

From the previous sections it is showed that McDonald's sustainability strategy is a process that depends on two stages. The first one is concerned with the conception of a strategy defining objectives that must be adopted globally and have an important impact in the company's business activities and its stakeholders. On this stage McDonald's established globally adopted sustainability objectives that are the keystones to its global strategy and its governance practices. In the second step, there is an emphasis on the local definition of policies that should be adopted on its affiliates, in order to achieve the proposed metrics. In this phase the most important part of McDonald's sustainability strategy lies upon the flexibility of its structure. From the hereabove mentioned practices it was summarized the following set of procedures that were implemented in Portugal and Poland.

Table 1: Impact of local implementation of McDonald’s business strategy on sustainability performance

Locally adopted policy measures		
Sustainable Development Goals	Portugal	Poland
Take urgent action to combat climate change and its impacts	100% of McDonald’s restaurants are fueled by sustainable sources of energy, namely, hydric energy	71% of McDonald’s Poland restaurants used green and non-polluting sources of energy, which corresponded to 148.639 Mwh of acquired energy
	60.00 kwh of renewable and sustainable electric energy produced in McDonald's Portugal restaurants	Implementation of the Sustainability Beef Platform that unites all the market participants in the production of beef which aims to increase animal welfare and reduce the use of antibiotics
Ensure inclusive and equitable quality education and promote lifelong opportunities for all	Staff training programs following company's international guidelines under Hamburger University	Staff training programs following company's international guidelines under Hamburger University
	Certification of McDonald's training programs by DGERT	Participation of McDonald's Poland employees in language courses, namely Polish and English
Ensure healthy lives and promote well-being for all at all ages	McDonald's Portugal UP Program which gives employees the opportunity to pursue undergraduate and graduate studies with a stipend of 100000€	Double post graduation program accredited by Leon Kozminsky Academy that fosters leadership and communication skills
	Ronald McDonald Foundation in Hospital São João and Hospital Dona Estefânia	Ronald McDonald Foundation in Cracow and Warsaw

Source: Own elaboration based on data obtained from McDonald ‘s Portugal (2021) and McDonald’s Polska (2020)

5. Discussion and Conclusion

In this case study it was studied the impact of Foreign Direct Inflows on Sustainability in Poland, a transition economy and Portugal, a developed economy.

For this purpose, it was used a case study approach with qualitative analysis that looks on sustainability indicators levels at country level in Portugal and Poland, but also analyses the impact of McDonald's practices on sustainability, looking at its presence on Portugal and Poland.

Relatively to the research question that were posed on an initial stage of the study we can infer that:

Regarding the first question of the relationship between Foreign Direct Inflows and Sustainability, we concluded that Foreign Direct Investment Inflows promoted the widespread of best practices regarding sustainable development, enhancing social and environmental sustainability.

Considering the second question it was concluded that institutional factors have a significant role on social and environmental sustainability. The 2030 Agenda for the Sustainable Development, under SDG 16 that considers that the rule of law and good governance are key factors in enhancing sustainability. To this respect McDonald's practices, enforcement mechanisms and their relationship with formal and informal institutions at the company level ensures that the company follows their strategy and adopts measures that reduce the impact of McDonald's activity on the climate, on both Portugal and Poland, by using renewable sources of energy, and establishing that 100% of McDonald's Packages come from recycled sources.

Regarding the third question, even though there are differences on the implementation and advancement of sustainability policies at country level, with country-specific determinants that have an impact on each country's sustainability outlook, on a broader level, due to McDonald's global strategy we concluded that the activity of McDonald's in both Poland and Portugal is sustainable.

In conclusion, FDI Inflows contribute to the transmission of best practices in the industry across countries, and, specially, from Developed Economies to Developing Economies. In this context, the global strategy of Multinational Enterprises and their corporate cultural, organization and enforcement mechanisms play a key role in improving sustainability at a country level. Besides this, the flexibility of the Multinational Enterprise's organizational structure also plays a key role in the sustainability of the enterprise investment practices, as it is important to have well defined objectives, placed under a global strategy at the group level, while giving the freedom for subsidiaries to adapt their practices depending on the context in which they operate in.

Taking this into consideration, there were limitations on the study regarding the available data used for the case-study. While the data obtained may be used to obtain analysis at the country and global level of McDonald's activities, further data needs to be developed to assert sustainability impact on local communities and environment. If such data is made available, the efficiency and the rhythm of operationalization of such measures would be increased giving an approach that considers, in a holistic view, the relationship and the

impact of each stakeholder group on sustainability and the interdependencies between their activities.

It is also suggested, on further studies to develop on the impact of sustainability on long-term economic growth, using Foreign Direct Investment approach as Foreign Investment as a positive impact on productivity and therefore on economic growth.

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Annexes

Annex I - FDI Inflows in Developed and Developing Economies from 2008 to 2020; Source: UNCTAD (2022)

Year	2008	2009	2010	2011	2012	2013
Developing regions	40,19%	38,84%	46,06%	42,76%	46,19%	46,40%
Developed regions	59,81%	61,16%	53,94%	57,24%	53,81%	53,60%

Year	2014	2015	2016	2017	2018	2019	2020
Developing regions	49,82%	36,72%	32,62%	43,49%	48,87%	47,99%	67,11%
Developed regions	50,18%	63,28%	67,38%	56,51%	51,13%	52,01%	32,89%

Annex II - FDI Inflows in Portugal between 2008 and 2020; Source: Own Elaboration based on data of UNCTADStat

Year	2008	2009	2010	2011	2012	2013
% Of GDP	1,35%	0,66%	1,22%	3,03%	3,81%	3,73%

Year	2014	2015	2016	2017	2018	2019	2020
% of GDP	2,13%	3,83%	2,46%	3,50%	2,94%	5,06%	2,74%

Annex III – FDI Inflows in Poland between 2008 and 2020; Source: Own Elaboration based on data of UNCTADStat

Year	2008	2009	2010	2011	2012	2013
Poland	2,30%	2,28%	2,67%	3,01%	2,49%	0,52%

Year	2014	2015	2016	2017	2018	2019	2020
Poland	2,63%	3,20%	3,32%	1,74%	2,72%	1,82%	1,70%

Annex IV - Energy productivity in European Union, Poland, Portugal (Euro per Kilogram of Oil Equivalent); Source: Own elaboration based on data obtained by EU (2022)

Year	2000	2001	2002	2003	2004	2005
European Union - 27 countries (from 2020)	6,3	6,2	6,3	6,2	6,2	6,3

Poland	2,8	2,8	2,9	2,9	3,0	3,1
Portugal	6,4	6,5	6,3	6,4	6,3	6,2

Year	2006	2007	2008	2009	2010
European Union – 27 countries (from 2020)	6,5	6,8	6,8	7,0	6,8
Poland	3,1	3,4	3,5	3,7	3,6
Portugal	6,6	6,8	7,0	6,9	7,2

Year	2011	2012	2013	2014	2015
European Union- 27 countries (from 2020)	7,2	7,2	7,3	7,7	7,8
Poland	3,7	3,9	3,9	4,2	4,4
Portugal	7,3	7,4	7,3	7,3	7,1

Year	2016	2017	2018	2019	2020
European Union – 27 countries (from 2020)	7,8%	7,9%	8,1%	8,4%	8,6%
Poland	4,3%	4,3%	4,3%	4,7%	4,7%
Portugal	7,2%	7,2%	7,5%	7,7%	8,0%

Annex V– Share of Renewable Energy in Gross Final Energy Consumption

Year	2004	2005	2006	2007
European Union - 27 countries (from 2020)	9,605%	10,182%	10,778%	11,749%
Poland	6,882%	6,867%	6,859%	6,903%
Portugal	19,205%	19,523%	20,792%	21,907%

Year	2008	2009	2010	2011
European Union – 27 countries (from 2020)	12,552%	13,850%	14,405%	14,547%
Poland	7,686%	8,676%	9,281%	10,337%
Portugal	22,929%	24,405%	24,150%	24,603%

Year	2012	2013	2014	2015	2016
European Union- 27 countries (from 2020)	16,002%	16,660%	17,417%	17,821%	17,980%
Poland	10,955%	11,452%	11,605%	11,881%	11,396%
Portugal	24,574%	25,700%	29,508%	30,514%	30,864%

Year	2017	2018	2019	2020
European Union – 27 countries (from 2020)	18,412%	19,096%	19,885%	22,090%
Poland	11,059%	14,936%	15,377%	16,102%
Portugal	30,611%	30,203%	30,623%	33,982%

Annex VI - Net greenhouse gas emissions; Source: Own Elaboration based on data obtained by EU (2022)

Year	1990	1991	1992	1993	1994	1995
European Union - 27 countries (from 2020)	100,0	95,9	93,3	91,6	91,3	92,2
Poland	100,0	98,9	100,8	99,0	97,9	96,0
Portugal	100,0	103,1	102,4	98,0	98,4	107,0

Year	1996	1997	1998	1999	2000
European Union – 27 countries (from 2020)	93,6	92,2	91,2	89,4	90,2
Poland	95,3	93,0	84,9	82,9	80,9
Portugal	97,5	101,4	112,2	123,9	128,0

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
European Union- 27 countries (from 2020)	90,6	90,7	93,0	92,6	92,2	91,8	92,2	89,2	82,2	84,4
Poland	82,3	78,2	80,9	79,6	79,8	84,5	86,1	84,7	80,7	84,9
Portugal	122,0	130,1	140,3	129,3	148,4	122,7	113,0	106,6	101,4	102,4

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
European Union- 27 countries (from 2020)	82,1	80,4	78,5	76,0	77,3	77,6	79,5	77,6	74,6	66,7
Poland	83,5	81,8	80,3	79,2	80,7	81,5	84,6	84,6	83,7	79,9
Portugal	98,2	97,3	96,3	93,1	101,5	105,7	138,8	105,6	98,3	85,5

Annex VII – Share of Environmental Taxes in Total Tax Revenues; Source: Own Elaboration based on data obtained by EU (2022)

Year	2000	2001	2002	2003	2004	2005
European Union - 27 countries (from 2020)	6,44%	6,51%	6,62%	6,71%	6,71%	6,58%
Poland	6,51%	6,58%	7,45%	7,71%	8,56%	8,14%
Portugal	8,41%	9,21%	9,60%	9,80%	9,75%	9,34%

Year	2006	2007	2008	2009	2010
European Union -27 countries (from 2020)	6,35%	6,07%	5,98%	6,20%	6,23%

Poland	7,92%	7,93%	8,14%	8,50%	8,66%
Portugal	8,89%	8,62%	7,89%	8,18%	8,00%

Year	2011	2012	2013	2014	2015
European Union – 27 countries (from 2020)	6,27%	6,22%	6,20%	6,20%	6,16%
Poland	8,27%	8,06%	7,55%	8,05%	8,17%
Portugal	7,20%	6,91%	6,49%	6,65%	7,03%

Year	2016	2017	2018	2019	2020
European Union – 27 countries (from 2020)	6,21%	6,06%	5,99%	5,89%	5,57%
Poland	8,11%	7,85%	7,70%	7,23%	7,12%
Portugal	7,59%	7,56%	7,41%	7,33%	6,76%

Annex VIII - People at risk of poverty and social exclusion; Own Elaboration based on data obtained by EU (2022)

Year	2015	2016	2017	2018	2019	2020
European Union - 27 countries (from 2020)	24,00%	23,70%	22,40%	21,70%	21,10%	21,50%
Poland	22,50%	20,60%	18,70%	18,20%	17,90%	17,00%
Portugal	26,40%	24,90%	23,40%	21,60%	21,10%	20,00%

Annex IX- Income share of the bottom 40% of the population; Own Elaboration based on data obtained by EU (2022)

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
European Union	21,2%	21,3%	21,2%	21,1%	21,2%	21,1%	20,9%	20,9%	20,9%	21,1%	21,0%	21,2%
Poland	20,6%	20,9%	20,9%	20,9%	20,9%	21,1%	21,0%	21,1%	21,3%	22,1%	22,6%	22,3%
Portugal	18,8%	19,2%	19,7%	19,6%	19,6%	19,4%	19,0%	19,4%	19,4%	19,9%	20,5%	20,7%

Annex X - Corruption Perceptions Index in Poland and Portugal from 2012 to 2021; Own Elaboration based on data obtained by EU (2022)

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Poland	58	60	61	63	62	60	60	58	56	56
Portugal	63	62	63	64	62	63	64	62	61	62

Annex XI - Interview Script of McDonald’s Portugal meeting on Foreign Investment and Sustainability (the respective script is translated to English)

1st Part: Environmental Sustainability

1st Question: What measures did McDonald's take to prevent and reduce pollution levels? Are those measures adopted globally, or are there significant differences in their application between Developed and Transition Economies?

2nd Question: How does McDonald's pretend to reduce waste and adopt measures to enhance their environmental sustainability?

3rd Question: How does McDonald's pretend to attain their objective of 100% of their packages coming from recycling sources until 2025?

4th Question: What measures did McDonald's adopt to reduce Net Greenhouse Gas Emissions?

5th Question: Does McDonald's adopt environmental criteria in the choice of their suppliers?

6th Question: Did McDonald's achieve significant results towards environmental sustainability through the adoption of their environmental policies?

2nd Part: McDonald's relationship with their stakeholders

7th Question: What is the impact of the McDonald's relationship with stakeholders in their business activity?

8th Question: What measures does McDonald's adopt to enhance social sustainability?

3rd Part: Employment Policies and Career Development

9th Question: Does McDonald's offers a job contract to their employees that grants a fair compensation that enhances social participation?

10th Question: How does McDonald's enhance career development and fair competition within their organizational structure?