THE CHALLENGE OF FOREIGN INVESTMENT IN MEXICO: BETWEEN THEORY AND PUBLIC OPINION. AN ANALYSIS OF PERCEPTION AND CHALLENGES REGARDING FDI AS A SOURCE OF INNOVATION

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ABSTRACT

Purpose: This research explores the public opinion of online news consumers, expressed through Facebook comments, regarding Foreign Direct Investment (FDI) as a source of innovation in Mexico. The study seeks to comprehend the challenges faced by FDI in the country and their potential impact on the public perception of FDI as a driver of innovation in the Mexican economy.

Theoretical Framework: This study examines previous research that explores FDI as a source of innovation in host economies, aiming to provide the context necessary for understanding how the public perceives the role of foreign resources in fostering innovation in Mexico.

Design/Methodology/Approach: The methodology employed in this research was the phenomenological design of a qualitative approach to analyze interactions and comments on Facebook from users who consume online news related to FDI in Mexico. The aim was to identify patterns and trends in public opinion regarding the perception of FDI as a source of innovation.

Findings: The theoretical perspective suggests that FDI can foster innovation in host countries; however, an analysis of public perception revealed challenges and controversies associated with FDI in the Mexican economy.

Research, Practical & Social Implications: The comprehension of public opinion regarding FDI as a source of innovation allows the establishment of suitable strategies for the integration of Mexican companies into the international market.

Originality/Value: This paper offers a perspective to understand how public opinion of FDI can influence its role as a catalyst for innovation in the Mexican economy.

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O DESAFIO DO INVESTIMENTO ESTRANGEIRO NO MÉXICO: ENTRE TEORIA E OPINIÃO PÚBLICA. UMA ANÁLISE DA PERCEPÇÃO E DESAFIOS EM RELAÇÃO AO IDE COMO FONTE DE INOVAÇÃO

RESUMO

Objetivo: Esta pesquisa explora a opinião pública dos consumidores de notícias online, expressa por meio de comentários no Facebook, em relação ao Investimento Estrangeiro Direto (IED) como fonte de inovação no México. O estudo busca compreender os desafios enfrentados pelo IED no país e seu potencial impacto na percepção pública do IED como impulsionador da inovação na economia mexicana.

Referencial Teórico: Este estudo examina pesquisas anteriores que exploram o IED como uma fonte de inovação nas economias receptoras, com o objetivo de fornecer o contexto necessário para compreender como o público percebe o papel dos recursos estrangeiros na promoção da inovação no México.

Desenho/Methodologia/Abordagem: A metodologia utilizada nesta pesquisa foi o desenho fenomenológico de abordagem qualitativa para analisar interações e comentários no Facebook de usuários que consomem notícias.
online relacionadas ao IED no México. O objetivo foi identificar padrões e tendências na opinião pública em relação à percepção do IED como fonte de inovação.

**Resultados:** A perspectiva teórica sugere que o IED pode promover a inovação nos países receptores; no entanto, uma análise da percepção pública revelou desafios e controvérsias associados ao IED na economia mexicana.

**Pesquisa, Implicações Práticas e Sociais:** Compreender a opinião pública em relação ao Investimento Estrangeiro Direto (IED) como fonte de inovação pode possibilitar o estabelecimento de estratégias adequadas para a integração das empresas mexicanas no mercado internacional.

**Originalidade/Valor:** Este artigo oferece uma perspectiva para entender como a opinião pública sobre o IED pode influenciar seu papel como catalisador para a inovação na economia mexicana.

**Palavras-chave:** Investimento Estrangeiro Direto, Opinião Pública, Inovação, Desafios, Estratégias de Comunicação.
The challenge of Foreign Investment in Mexico: Between Theory and Public Opinion. An Analysis of Perception and Challenges Regarding FDI as a Source of Innovation

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To contextualize the situation, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) (2021) defines FDI as “an operation involving a long-term relationship, in which a resident individual or legal entity of an economy (direct investor) seeks to establish a lasting interest in an enterprise resident in another economy” (para. 2) also highlights that resources from FDI can be leveraged as a source of innovation in local economies. Regarding Mexico’s macroeconomic situation, in 2022, it ranked tenth globally as one of the main FDI recipients (UNCTAD, 2022), attracting 35.292 billion USD in FDI (Secretaría de Economía, 2023). This figure accounts for 2.5% of its Gross Domestic Product (GDP), with 3,051 companies reporting the receipt of at least 1.1 million USD (20 million Mexican pesos) of these foreign resources individually (Gobierno de México, 2023).

In terms of the sources of FDI in Mexico, 48% came from new investments, while 45% corresponded to profits that were not repatriated to their home economies. The leading investors in the country are the United States, accounting for 39%, and Canada with 9% (Secretaría de Economía, 2023). The foreign capital attracted was primarily directed to the manufacturing industry (36%), with transport equipment manufacturing (13%) being prominent. General Motors, Nissan, and Volkswagen were among the companies that made significant investments in this sector. Local companies in this sector, reporting receipt of 20 million Mexican pesos or more in FDI, totaled 1,486, representing nearly 50% of those reporting such inflows of foreign capital into their companies.

The main subsectors that stand out in the automotive activity with FDI are auto parts (56%), light vehicle manufacturing (41%), and heavy vehicle manufacturing (3%), according to data from the Government of Mexico (2023). On the other hand, in general, Mexico’s GDP in 2022 was composed of 58.8% from the tertiary sector, led by wholesale trade (10.1%) and retail trade (10.1%); 32.1% was contributed by the secondary sector, and 18.8% corresponds to the manufacturing industry, including the automotive sector; only 4.2% was generated in the primary sector (Instituto Nacional de Estadística y Geografía, 2023).

Regarding innovation in Mexico, the World Intellectual Property Organization (2023) ranked Mexico 58th globally in the Global Innovation Index and third in Latin America. Based on this information, the following aspects are summarized: Mexico is a recipient country of FDI, primarily directed towards manufacturing (including the automotive sector). These resources mainly come from new investments, and profits obtained from FDI do not entirely...
return to their local economies. The tertiary sector contributes the majority of the national GDP through trade. The investment announced by Tesla would represent 14% of the FDI attracted by the country during 2022, and finally, the country faces insufficient innovation.

In this context, according to the economic theory of FDI, it seems that Tesla’s investment in Mexico could be beneficial, although the relationship may not necessarily be symmetrical. The investment would bring new financial resources into the national economy, and Tesla’s companies could act as a chain of suppliers of goods and services, without implying that only one sector or region would benefit, as trade is an important economic activity in the country. Given this scenario, it is assumed that FDI would foster innovation in Mexican companies through the development of suppliers that would provide goods and services to Tesla’s company in Mexico. But, what is the Mexican public opinion regarding FDI as a source of innovation? To address this investigation question, the objective of this qualitative research is to analyze the public opinion of users who consume online news through their comments on Facebook to describe the perception regarding FDI as a source of innovation in Mexico. The significant impact of FDI on economic development and innovation in Mexico strongly justifies the need to understand the perceptions of the public toward this phenomenon, given that the investment decisions made by major corporations, such as Tesla’s recent announcement of a gigafactory, emphasize the potential influence of FDI on local economies. By analyzing the public discourse on platforms like Facebook, valuable insights can be gained into the public’s perspectives on FDI’s role in driving innovation within Mexico.

THEORETICAL REFERENTIAL

Various studies and research have addressed the benefits and risks associated with FDI in recipient countries. However, this research focuses on the analysis of harnessing and maximizing its benefits.

Considering the context of micro, small, and medium-sized Mexican (and Latin American, in general) enterprises, their limited economic resources often restrict their participation and capacity to acquire knowledge in a globalized trade environment. Here, spillover effects, whether voluntary or involuntary, accompanying FDI, can play a crucial role in driving the growth and survival of companies in FDI recipient countries (Buendía, Rivera, & Chávez, 2020).

As for large companies, they have greater openness to benefit from FDI due to their increased access to financing sources and domestic and international markets. However, by

collaborating with smaller enterprises, they could achieve even more positive outcomes by leveraging spillover effects from foreign companies (Buendía, Rivera, & Chávez, 2020). Such strategic collaboration could foster innovation projects that, in turn, lead to robust value chains and innovation, providing inputs, goods, and services to foreign firms.

On the other hand, multinational companies have the capacity to transfer technology (directly or indirectly) to local companies in the FDI recipient country. This transfer can promote innovation, entrepreneurship, productivity, and efficiency since the participation of local suppliers will be required to supply inputs, goods, and services to the multinational firms (Gutiérrez & Vázquez, 2020).

According to the Economic Commission for Latin America and the Caribbean (2021), technological changes are reshaping the production of goods and services, resulting in shifts in the international division of labor. Starting from 2019, FDI in the Latin American and Caribbean region has once again reached the peak levels that were lost since 2012. Brazil received 43% of FDI in the region, while Mexico remains the second-largest recipient country in the area with 18%.

For some micro, small, and medium-sized Latin American enterprises, the lack of liquidity and inadequate staff training to adapt to changes have resulted in the closure of operations. Most of these entities belong to the service sector, which was severely affected by the health restrictions in the years 2019 and 2020, especially in sectors such as hotels, restaurants, and retail (Economic Commission for Latin America and the Caribbean, 2021).

Furthermore, smaller companies lack the necessary technological tools to manage supply networks, and thus, they cannot guarantee product supply due to their lower negotiating capacity with suppliers and limited access to financing compared to larger enterprises (Economic Commission for Latin America and the Caribbean, 2021).

In this context, it is essential for recipient countries to change their working style so that FDI becomes a driving force for economic growth rather than being perceived as a threat to the country’s or local businesses’ economic independence.

The inflow of foreign capital not only requires optimal scenarios for its development but also demands conducive conditions for it to become sources that generate greater productivity, innovation, technology, and sustained, inclusive, and sustainable economic growth (Economic Commission for Latin America and the Caribbean, 2021).

Although FDI offers opportunities for the economic development of recipient countries, Mexican companies face significant challenges in fully harnessing these benefits. The lack of
resources, technology, infrastructure, and financial capacity limits their participation in global innovation networks and value chains. Therefore, it is necessary to address these challenges to enable local businesses to effectively integrate into the global economy and maximize the benefits of FDI in Mexico.

The following section presents relevant research that has analyzed the effects of FDI on businesses and the economies of recipient countries, providing the theoretical basis for the development of this investigation:

**International Organizations**

Research from various international organizations highlights the benefits of FDI in the economic development of recipient countries, particularly in the realm of innovation. The World Bank (2017) points out that FDI functions as a source of financing that drives local suppliers to enhance the quality of their products and services through innovation, enabling them to access international markets.

Moreover, the Organization for Economic Cooperation and Development (2002) maintains that developing, emerging, and transition countries perceive FDI as a source of modernization and economic development due to the transfer of technology and the need for human capital formation. This technology transfer can stimulate innovation in local companies and promote their integration into international value chains.

In this sense, FDI not only brings financial benefits but also stimulates innovation and the development of technological capabilities in recipient companies. To maximize these benefits, it is suggested to incentivize innovation, improve skills, and foster a competitive environment among local businesses so that they can fully capitalize on the opportunities presented by the presence of foreign companies in their economy.

These findings have reinforced the importance of FDI as a tool to strengthen the capacity for innovation in economies receiving foreign capital and its potential to drive economic growth in the host country.

**Southeast Europe**

Apostolov’s research (2016) examines the effects of FDI on the local economy of Southeast Europe, focusing on six countries in the region: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia, and Slovenia. Through an econometric model, the author explores
the interrelationships between output and some variables that influence FDI patterns, such as foreign ownership, employment, labor productivity, and total export sales.

The research observes that the inclusion of foreign ownership in companies and FDI can boost the economic growth of recipient countries, increasing competitiveness and generating employment. The results vary among the sample countries: Macedonia, Serbia, and Croatia showed the best results in terms of growth and exports, while Albania and Bosnia and Herzegovina presented moderate results. In Bosnia and Herzegovina, political factors and underutilized capacities influenced the relationship between Gross Domestic Product and FDI, offering future opportunities for employment growth. On the other hand, in Slovenia, economic growth was primarily driven by the domestic economy and not by foreign influence (Apostolov, 2016).

The findings of the research offer relevant insights into how FDI can impact a local economy and its potential to drive sustainable growth and development.

**Latin America**

Mogrovejo’s research (2005) focused on determining the influence of foreign capital in 19 Latin American countries. To do so, the study analyzed many variables such as market size, trade openness, country risk, labor costs, and atypical investment inflows, such as privatizations and unexpected capital inflows.

The study found that oligopolistic companies represented the majority of FDI flows in the region due to their financial capacity, ownership of patents, and advanced technology. Additionally, identified that Brazil, Mexico, and Argentina concentrated 70.6% of FDI flows between 1990 and 2003, which were mainly directed to the services, manufacturing, and primary exploitation sectors.

Market size and trade openness emerged as decisive factors influencing companies decisions to invest in the region. Country risk also played a significant role, and the research determined that civil unrest, political instability, and public officials corruption to some extent affected investment decisions.

In this regard, the key factors influencing FDI in the Latin American region are market size, trade openness, and country risk, which are critical elements in attracting foreign investments.
North America

One of the researches on determining factors to attract FDI includes the analysis of interdependence indices between countries, which can be symmetric or asymmetric, aiming to promote cooperation and avoid conflicts. Gasiorowski and Barbieri (as cited in Barajas, Martínez & Sotomayor, 2014) pointed out that economic interactions reduce conflicts between countries, and Zhang’s Theory of Interdependence suggests that diversifying foreign trade reduces risks of economic dependence and vulnerability (Barajas, Martínez, & Sotomayor, 2014).

In the case of Mexico, which has an open economy and numerous trade agreements, the relationship with the United States, the main investor in the country, is not symmetric (Barajas, Martínez, & Sotomayor, 2014). However, like other countries, Mexico needs foreign resources to drive its economic growth in the current globalized economy. This is because FDI provides capital, raw materials, and market expansion, generating additional economic spillovers in each country.

The study on interdependence and the need for foreign resources highlights the importance of FDI as a key factor for economic growth in both Mexico and other countries in the region.

Mexico

FDI has been recognized as a significant driver of economic development in many countries, including Mexico. According to Mexico’s Ministry of Economy (Secretaría de Economía, 2023), FDI plays a crucial role in the country by generating employment, stimulating development, attracting foreign exchange, fostering competition, transferring new technologies, and boosting exports. Additionally, it provides benefits to domestic consumers by offering better products at competitive prices.

A research conducted by Masso, Camacho, Rangel and Vázquez (2017) studied the impact of FDI on Mexico’s per capita Gross Domestic Product (GDP) during the period from 1980 to 2014. The results indicated that FDI had a positive effect on per capita GDP, although its influence was similar to that of private and public capital. However, the study highlighted that increased public spending on education significantly contributed to economic growth by developing human capital in line with the needs of foreign companies. This suggests that FDI acts complementarily with private and public capital in the country’s economic development.

The analysis by Masso et al. (2017) considered various variables, such as per capita GDP, gross fixed capital formation of the public and private sectors per capita, governance
index, *per capita* FDI, and *per capita* public spending on education. This research focused on the macroeconomic level and did not address microeconomic business characteristics.

Although FDI appears to be a relevant factor in economic growth, other studies have provided divergent perspectives. For example, Guevara (2001) argued that in poor countries, even modest FDI flows can have a significant impact on local economies compared to the volume of domestic investments.

In relation to the attraction of FDI in Mexico, Salas’ research (2014) emphasizes that during cyclical crises and periods of low growth in developed countries and capital-emitting nations, developing and transitioning economies, such as Mexico, tend to attract higher levels of foreign investment. Although FDI may flow into developed countries, the majority of capital-emitting nations fall into this category, contrasting with Guevara’s (2001) claim, which suggests that FDI is primarily directed towards advanced economies.

It is important to note that the attraction of capital through FDI may not solely depend on the level of development of the recipient countries. Therefore, Mexico has similar opportunities as other countries to attract foreign investment.

Quiroz (2003) highlights that the State plays a fundamental role in creating the conditions and motivations to attract capital to a specific country or region, promoting competitive advantages related to innovation. Additionally, careful planning is necessary to integrate FDI to ensure consistent growth and improvement in infrastructure, research, development, education, and technology.

In this sense, Quiroz (2003) emphasizes that competitive advantages are determined by factors such as demand, company structure, and rivalry, but an optimal level is not necessarily achieved. Therefore, the effects of FDI can be divided into two aspects: the benefits related to innovation and technological development in the recipient country and the positive effects on market expansion for investing countries.

Given that FDI presents advantages and disadvantages, Mexico has enacted laws since 1973 to regulate and promote this type of investment with the aim of achieving balanced development and maintaining the country’s economic independence.

FDI plays a significant role in Mexico’s economic development by generating employment, stimulating competition, transferring technology, and boosting exports. Although it has positively impacted GDP *per capita*, its effect is similar to that of private and public capital. The attraction of FDI can be influenced by cyclical crises and low growth in developed
countries and capital-emitting nations, which represents opportunities to attract investments towards developing and transitioning economies.

Contreras and García (2018) cite Lundvall and emphasize a crucial fact that should be considered and remembered by entrepreneurs:

...Innovation does not occur in isolated companies but in a dense network of continuous interactions with other agents in the territory. Additionally, innovation processes include not only new technologies but also product and process innovations, as well as other non-technological forms of innovation, such as those developed in service organizations.

Therefore, it is necessary to implement tools that neutralize the negative effect of transnational companies and enhance the benefits generated by the spillover effect as a whole, without forgetting that the current trend is for the same multinational companies to reduce their large global value chains to only about twenty or thirty manufacturers strategically located together (Carrillo, 2018).

Finally, it is essential not to disregard De Groot’s (2018) statement:

There are two main ways for Foreign Direct Investment to have a positive and transformative impact. The first is that international companies can contribute to the transfer of technology and the development of skills, both directly and indirectly. The second is that Foreign Direct Investment can help establish networks between local and global companies, thereby encouraging the integration of value chains and increasing exposure to international developments (p. 120).

In specific cases, FDI can help overcome technological barriers, especially when the technology is proprietary. As indicated by Economic Commission for Latin America and the Caribbean (2015), multinational companies often possess the necessary technological knowledge for innovation. This highlights the potential for FDI to contribute significantly to technological advancements and foster innovation in the host country. By leveraging the expertise and resources of multinational enterprises, local businesses can gain access to cutting-edge technologies, fostering a climate of innovation and driving economic growth.

Theoretical Relationship Between Foreign Direct Investment and Innovation

The theoretical relationship between FDI and innovation is of significant importance in the current business context, and various theoretical approaches seek to explain how FDI influences the performance of host economies.

The theory of FDI suggests that this type of investment can have a positive impact on innovation by bringing knowledge, technology, and best business practices that stimulate...
innovation in local economies. Additionally, the adoption of international sustainability and corporate responsibility standards can foster a conducive environment for innovation (Fondo Europeo de Desarrollo Regional, 2020).

Furthermore, from an Environmental, Social, and Governance (ESG) responsibility perspective, it is proposed that companies prioritizing sustainable and ethical practices are more inclined to innovate. The integration of environmental, social, and governance considerations into business management creates new business opportunities and market differentiation, as FDI can facilitate technology transfer and capacity development in recipient firms, thereby stimulating innovation and promoting more responsible practices in value chains (Castillo, 2023).

Currently, regulatory frameworks and government policies play a key role in promoting innovation, and in some cases, incentives and support mechanisms are established to encourage investment in innovative projects (Comité Intersectorial para la Innovación, 2011).

Transparent disclosure of information regarding ESG policies and performance has been shown to contribute to building trust in companies and the economy (Grupo BMV, 2023).

Based on the analysis of the theoretical relationship between FDI and innovation, it can be concluded that this topic holds great importance in the current business context and at the macroeconomic level. Many theoretical approaches have determined how FDI influences the performance of host economies, particularly in terms of innovation.

From the perspective of FDI theory, has been identified that this form of investment can have a positive impact on innovation by fostering the transfer of knowledge, technology, and best business practices. Additionally, the adoption of international sustainability and corporate responsibility standards has demonstrated to create a conducive environment for innovation in local firms.

Companies prioritizing sustainable and ethical practices are more inclined to innovate, as the integration of environmental, social, and governance considerations into business management not only generates new business opportunities and market differentiation but also facilitates technology transfer and capacity development in recipient firms, thus stimulating innovation and promoting more responsible practices in value chains (Grupo BMV, 2023).

The crucial role of regulatory frameworks and government policies in promoting innovation and establishing incentives and support mechanisms for investment in innovative projects has become evident. These actions aim to foster an environment conducive to FDI, innovation, and economic growth (Fondo Europeo de Desarrollo Regional, 2020).
Similarly, it is emphasized that transparent disclosure of information regarding ESG policies and performance is a crucial factor in building trust in companies and the overall economy (Comité Intersectorial para la Innovación, 2011). Transparency in practices and adherence to internationally recognized standards strengthen the credibility of companies and promote a culture of innovation based on sustainability and responsibility.

Finally, the significance of understanding and harnessing the theoretical relationship between FDI and innovation is highlighted, as it represents an opportunity for host economies, including Mexico, to strengthen business capabilities, stimulate competitiveness, and generate positive impacts on society. It is essential for governments, companies, and investors to work together to promote development in the context of FDI and innovation. The comprehension of these theoretical concepts and their practical implementation will contribute to economic growth and the achievement of development objectives in FDI recipient countries.

**METHODOLOGY**

According to the statistical portal Statista (2023), the most widely used social media platform for communication and interaction in Mexico is Facebook (92.9%), followed by WhatsApp (92.2%), Facebook Messenger (80.3%), and Instagram (79.4%).

In this regard, the comments on online news articles on Facebook and the interaction among users regarding the construction of Tesla’s gigafactory in Mexico provide a means to analyze public opinion through a mass communication medium. This approach allows us to understand the public perception regarding the influx of foreign resources as a source of innovation and subsequently determine if it aligns with claims stating that one of the benefits of FDI in recipient countries is the generation of innovation.

In the specific case of Mexico, we consider the research by the Mexican Institute for Competitiveness (2021), which states: “Unlike domestic investment, FDI provides greater openness to new markets and technologies from other countries, making it a fundamental catalyst for innovation in the country” (p. 7). But what do people think? Do they truly perceive and understand that FDI is a source of innovation? Are they aware of the potential new business opportunities or trade relationships it may bring about?

Using a phenomenological design and observation, individual opinions are explored, described, and understood in an initial sample to establish a general overview of how the FDI decision by Tesla in Mexico is received and interpreted.
Individual opinion patterns are classified into two main categories of analysis: common experience (collective perception) and different experience. Each category is represented by comments and/or opinions that are in favor (positive comments) of Tesla’s FDI in Mexico (phenomenon) and comments and/or opinions against it (negative comments).

Considering that Forbes Mexico magazine focuses primarily on business, economy, and finance news, the initial reference sample consists of user comments on this media’s Facebook posts related to the phenomenon.

On the other hand, to eliminate the bias of public opinion towards a specific political favoritism and for comparison purposes, comments from the Mexican newspaper La Jornada are selected as a second sample. La Jornada has presented the most positive comments towards the current Mexican government (Rodríguez García, 2020).

The opinions and/or comments analyzed in the study correspond to news articles published during the period from January 1st to March 31st, 2023, specifically related to Tesla’s decision to build an electric car plant in Mexico.

The first sample (Table 1) is composed as follows:
- @ForbesMexico (2023): Published 53 news articles about the company Tesla; 8 articles were duplicated, 5 were triplicated, and 2 were quadruplicated on different dates; 10 articles were unrelated to the investment but focused on general company information, such as mass layoffs in one of its factories, the stock value on Wall Street, price reductions of some of its vehicles, and a general product malfunction, among other topics; 10 articles were directly related to Tesla’s FDI in Mexico; the remaining publications were about political matters and other general topics, such as the negotiation process.
- Composition of the first sample represented by @ForbesMexico: 10 news articles with a total of 8,383 comments.
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Table 1. Composition of the first sample in @ForbesMexico

<table>
<thead>
<tr>
<th>Title of the article</th>
<th>Publication date</th>
<th>Total comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tesla comes to Mexico; details will be reported tomorrow, indicates SRE</td>
<td>27-Feb-23</td>
<td>81</td>
</tr>
<tr>
<td>(Ministry of Foreign Affairs in Spanish).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Mexico benefits from the installation of Tesla’s plant: PI (Private Initiative).</td>
<td>28-Feb-23</td>
<td>1,236</td>
</tr>
<tr>
<td>04-Mar-23</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>20-Mar-23</td>
<td>615</td>
<td></td>
</tr>
<tr>
<td>25-Mar-23</td>
<td>162</td>
<td></td>
</tr>
<tr>
<td>3 Tesla’s investment in its plant in Nuevo León will be for 5 billion dollars,</td>
<td>28-Feb-23</td>
<td>1,807</td>
</tr>
<tr>
<td>as informed by SRE.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Half of Tesla’s investment in Mexico will favor local companies.</td>
<td>01-Mar-23</td>
<td>280</td>
</tr>
<tr>
<td>5 The auto industry in Mexico is ready for the transition to electric vehicles:</td>
<td>01-Mar-23</td>
<td>696</td>
</tr>
<tr>
<td>Finsa (Manufacturing Industries, Inc. in Spanish).</td>
<td>04-Mar-23</td>
<td>180</td>
</tr>
<tr>
<td>6 With Tesla, Mexico is set to become a power in electric vehicles: AMIA</td>
<td>02-Mar-23</td>
<td>295</td>
</tr>
<tr>
<td>(Mexican Association of the Automotive Industry in Spanish).</td>
<td>05-Mar-23</td>
<td>733</td>
</tr>
<tr>
<td>7 Tesla arrives to power up... the regional banking too, says Moody’s.</td>
<td>03-Mar-23</td>
<td>57</td>
</tr>
<tr>
<td>8 Tesla will boost Mexico in the production and use of electric cars: Automotive</td>
<td>04-Mar-23</td>
<td>108</td>
</tr>
<tr>
<td>manufacturers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Tesla could generate up to 25 billion dollars in additional foreign investment</td>
<td>16-Mar-23</td>
<td>336</td>
</tr>
<tr>
<td>for Mexico: Bankers.</td>
<td>19-Mar-23</td>
<td>179</td>
</tr>
<tr>
<td>10 Investment from Tesla will drive 50 years of growth in northern Mexico.</td>
<td>26-Mar-23</td>
<td>748</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>8,383</td>
</tr>
</tbody>
</table>

Source: Data compiled by the author from Forbes México (2023).

Regarding the second sample (Table 2), represented by the newspaper La Jornada, the same selection criteria were applied, and the following was found:

- @LaJornada (2023): 38 news articles related to the company Tesla were published during the first quarter of 2023; 5 were duplicates; 14 were general negotiation topics; 2 were specific company matters, and 18 were directly related to the phenomenon.
- Composition of the second sample represented by @LaJornada: 18 news articles with a total of 319 comments.

Table 2. Composition of the second sample in @LaJornada

<table>
<thead>
<tr>
<th>Title of the article</th>
<th>Publication date</th>
<th>Total comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tesla considers building assembly plant near AIFA (International Airport</td>
<td>31-Jan-23</td>
<td>4</td>
</tr>
<tr>
<td>Felipe Angeles in Spanish).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Tesla’s attempt to settle in Mexico shows bumps in nearshoring.</td>
<td>17-Feb-23</td>
<td>1</td>
</tr>
<tr>
<td>3 Tesla: Enthusiasm with caution.</td>
<td>18-Feb-23</td>
<td>1</td>
</tr>
<tr>
<td>4 Elon Musk confirms Tesla’s investment in Mexico to AMLO (Andrés</td>
<td>27-Feb-23</td>
<td>26</td>
</tr>
<tr>
<td>Manuel López Obrador, Mexico’s President).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Magnate Elon Musk confirms to President AMLO his plan to build Tesla</td>
<td>28-Feb-23</td>
<td>39</td>
</tr>
<tr>
<td>plant in Mexico.</td>
<td>28-Feb-23</td>
<td>12</td>
</tr>
<tr>
<td>6 PI does not rule out the installation of a Tesla supplies plant in the southeast.</td>
<td>28-Feb-23</td>
<td>22</td>
</tr>
<tr>
<td>7 Tesla will install a plant in Monterrey, AMLO confirms.</td>
<td>28-Feb-23</td>
<td>72</td>
</tr>
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Ocadiz-Amador, V. (2024)
The challenge of Foreign Investment in Mexico: Between Theory and Public Opinion. An Analysis of Perception and Challenges Regarding FDI as a Source of Innovation

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Source: Data compiled by the author from La Jornada (2023).

Once the comments were analyzed and classified, the frequency of each analysis category was determined, considering the most prevalent common experience (negative comments) and the different experience (positive or favorable comments), which had the fewest number of cases.

Finally, the common category was subdivided into seven groups (subcategories) of similar comments in order to gain a deeper understanding of public opinion and ascertain if it is related to the perception of FDI as a source of innovation. The results are presented in proportions for a better comprehension of public opinion, without the use of statistical methods.

**RESULTS AND DISCUSSION**

The population in Mexico uses Facebook as their primary means of communication and interaction. Regarding the analysis of comments on the news articles from the magazine @ForbesMéxico (first sample) and the newspaper @LaJornada (second sample), they were grouped into two analysis categories according to the following criteria:

- **Common Experience (97.7%)**: There is a higher frequency of negative comments in the news articles, which were grouped and classified into seven subcategories to gain a deeper understanding of public opinion. The results demonstrated that the common experience is not focused on the perception of FDI as a source of innovation or related to the study’s phenomenon.
Criticisms/mockeries towards the current government. This includes individual negative comments unrelated to the economic effects that Tesla’s investment in Mexico would bring, and instead criticize the current Mexican government. These criticisms primarily focus on the federal government’s change of opinion regarding the installation of the gigafactory in the State of Nuevo León due to water scarcity in the area. Additionally, comments are related to the general situation of the country (such as poverty and drug trafficking), along with humorous opinions that suggest Tesla’s investment (electric vehicle factory) contradicts the government’s other projects, such as the Cuatro Bocas oil refinery.

Support for the current government. This category consists of general positive comments supporting the Mexican government and its Fourth Transformation (4T) project. Users express approval for the current policies and the negotiation process with Tesla.

Political hatred/aggressions between users. This subcategory encompasses comments reflecting aggressive social interactions, hate speech, and discussions between users based on their beliefs, opinions, and political ideologies (in favor of or against the current government). Discussions also arise concerning the target market for electric vehicles, division between the population in the Southern and Northern regions of the country regarding regional development and work styles, as well as general debates on who conducted the negotiation: the President of Mexico, the Governor of the State of Nuevo León, or the Secretary of Foreign Affairs.

Concerned comments. The general concern observed in the comments is primarily about the water scarcity in the State of Nuevo León and the exploitation of natural and human resources. Users express worry about issues related to the extraction and destination of lithium, the low wages that Mexicans are expected to receive in the company (cheap labor), nervousness about foreign invasion, signaling of new social problems, ecological impact, and an increase in pollution in the area.

Political memes: Humorous images and GIFs satirizing the Mexican government, Elon Musk, and interactions between users.

Criticisms of Tesla or its investment. Negative comments related to the perception of Tesla’s interests being unfavorable for Mexicans, such as Elon Musk’s increased enrichment at the expense of the country’s resources, the exploitation of local
raw materials and labor, criticisms of the quality of electric vehicles, and claims of limited opportunities for Mexican companies due to Tesla’s presence.

- **Others.** This category comprises spam, bots, and comments out of context unrelated to Tesla’s investment, including copy-pasting (bots), greetings, user tags, money investment invitations, quotes, and comments from previous governments, among others.

- **Different experience (2.3%).** This category of analysis presented the lowest frequency and is represented by positive comments and approval for Tesla’s investment in Mexico, as well as those related to at least one perceived benefit that users believe the FDI would bring. Such benefits include the generation of jobs (direct and indirect) and the capacity of Mexicans to fill these positions; opinions about supplier development and supply chains were also mentioned. Some users even suggested entrepreneurial opportunities by inviting food vendors to serve the factory personnel. Positive comments related to innovation and technology transfer were scarce; however, there was some awareness of the effects of FDI in host countries of foreign capital.

In the research, the experiences reached theoretical saturation, as no new subcategories of analysis were found. Furthermore, the observation and frequency of comments in both media outlets were similar, making it unnecessary to include an additional sample to analyze public opinion regarding FDI as a source of innovation.

**Results of the Analysis of Comments in @ForbesMexico**

In the first sample of the research, corresponding to @ForbesMexico magazine, 8,383 comments were recorded (96.3% of both samples) in 10 publications related to the phenomenon. Public engagement was more recurrent, extensive, and demonstrated a greater awareness of some economic facts and statistical data about the country’s macroeconomic performance compared to the second sample (3.7%). On average, each article received 466 comments.

The news articles that garnered the highest number of opinions (46.3%) in this media outlet were, first, the one titled “Mexico wins with the installation of Tesla’s plant: PI” (24.8%), published on four different dates and related to the private initiative’s (PI) perspective on the phenomenon. The second note with the highest participation (21.6%) was the announcement of Tesla’s investment decision, “Tesla’s investment in its Nuevo León plant will be $5 billion, according to SRE” published on February 28, 2023.
Regarding the frequencies of the categories of analysis, 97.8% of the comments on @ForbesMexico were negative, with hate speech being the most prevalent (48.1%), and only 2.2% were in favor of Tesla’s FDI or related to a positive perception of foreign capital in the country’s economy. However, no user stated or insinuated that FDI is a source of innovation, although there were a few references to technology transfer.

In this media, the negative aspects highlighted in the comments about Tesla’s investment (5.8%) include criticisms of the quality and quantity of the future jobs the company would create, the exploitation of lithium and water in the area, and assertions about Elon Musk’s wealth growth due to the exploitation of cheap labor in Mexico.

Regarding the macroeconomic aspect, some comments point out the minimal representation of this investment in Mexico’s Gross Domestic Product, as well as the persistence of poverty and drug trafficking violence in the country.

Overall, the news articles from @ForbesMexico regarding the construction of Tesla’s new electric vehicle plant in the State of Nuevo León are a marked example of aggressive social interaction in the country’s media, with little relevance to the subject matter. In this case, only 8.0% of the comments were directly related to the news articles (analysis subcategories: positive comments and criticisms of Tesla or its investment).

Figure 1 presents the frequency results obtained from the analysis of comments in the first sample corresponding to @ForbesMexico magazine.

![Figure 1. Public Opinion Analysis regarding Tesla’s FDI in Mexico on @ForbesMexico](image)

Source: Author’s own creation based on compiled data from Forbes México (2023).

**Results of the Analysis of Comments in the Newspaper @LaJornada**

In the analysis of comments on the news articles through the newspaper @LaJornada, there is no difference in political favoritism compared to the previous media; however, there is
a lower level of user participation and interaction (3.7% of the total comments in both samples). Unlike the first sample, the news articles had fewer repetitions in their publication and an average of 15 comments per article.

The publication “Tesla will install a plant in Monterrey, confirmed by AMLO” published on February 28th, in which @LaJornada announces the investment, gathered the highest number of comments in the sample, accounting for 72 of them (22.6%). The second publication with the most participation was “Magnate Elon Musk confirms to President Andrés Manuel López Obrador his plan to build a Tesla plant in Mexico”, accumulating 51 comments (16.0%) in its two publication dates.

Despite this media outlet having the highest number of positive critiques towards the current Mexican government (Rodríguez García, 2020), 20.1% of user comments express disagreement with the way current policies have been implemented (compared to 15.3% in @Forbes Mexico), indicating that no political preference is evident among users of the media outlets.

Regarding direct reactions to the news articles about Tesla’s investment, 6.0% of comments were related to the topic, either positively (4.7%) or negatively (1.3%). In the positive comments, some awareness of the effects that FDI could bring was observed, but none of them were related to innovation.

Regarding hate speech, this media outlet recorded a frequency of 34.8%. The analysis and frequencies of comments in the newspaper @LaJornada are shown in Figure 2.

![Figure 2. Analysis of Public Opinion regarding Tesla’s FDI in Mexico in @LaJornada](source-fig)

Source: Author’s own creation based on compiled data from La Jornada (2023).
DISCUSSION

In Mexico, there is polarization among the population based on labels: the neoliberals or conservatives (opposed to the government) and the Morena supporters or Obradoristas (in favor of the government). The same applies to media outlets and public and private institutions: @ForbesMéxico is labeled as “neoliberal” and @LaJornada as “Obradorista”.

The overall results of the research (Figure 3) indicate that the news articles related to Tesla’s investment in Mexico and its potential effects on the national economy, published by @ForbesMéxico, accounted for 96.3% of the total comments, while @LaJornada received 3.7%. Thus, the online magazine was the most frequently used medium for this type of news.

The main interaction among users corresponds, in general, to the subcategory of political hatred/aggressions between users (47.6% of the total comments), which aligns, initially, with the findings of Samy-Tayie, Tejedor and Pulido (2023, p. 83), where they stated that “surveyed individuals from both countries reported that hate speech they encounter targets individuals/groups based on political opinions (77% Egypt, 86.5% Spain)”. It is worth noting that among the comments, there were no instances of hate speech based on religious beliefs/religion, gender, or sexual orientation. However, there were instances stemming from political labels and regionalism among users (North-South of the country).

In a second aspect, unlike Samy-Tayie et al. (2023), this research does not align with the perception that the majority of people ignore fake news or hate speech, as the interaction among users was personal, aggressive, and recurrent, with comments prominently featuring nested insults between the two population labels.
With the exception of the “comments of concern” subcategory, which represents 6.2% of the total comments, the analysis and observation of the common experience of the phenomenon indicate that among users, there is a lack of conscious, critical, and analytical reading of the news articles. It can be inferred that media literacy is lacking in this type of news, and there were even a couple of comments inviting others to express the opposite of what the majority said, just for the sake of “fun”.

The research results also align with Schiavon and Velázquez (2010) regarding the realist theoretical approach in the literature of international relations, where it is indicated that the opinion of the people is of little importance for international relations. It also coincides with Lippman and Converse (as cited in Schiavon & Velázquez, 2010), who argue that foreign policy is distant and complex for the general population.

In this regard, 85.8% of the comments on the publications were indifferent to the study’s phenomenon (subcategories: political hatred/aggressions between users, criticisms/ridicule towards the current government, political memes, in favor of the current government, and others), and this research did not perceive the public opinion pointing to FDI as a source of innovation in Mexican companies.

In contrast to Schiavon and Velázquez (2010, p. 14), who refer to the “Mexico and the World” surveys to claim that “70% (of Mexicans and surveyed leaders) believe that foreign investment benefits the country greatly or to a great extent”, the perception remains distant from the findings of the present research. The same occurs with part of their conclusion “in Mexico, the interest of the population in foreign affairs has increased in recent years” (p. 17), but it does coincide that “in terms of public opinion and foreign policy, there are ‘many Mexicos’ that are not entirely in agreement: leaders and population, north and south, young and old, and Mexicans with high and low levels of formal education” (p. 17).

On the other hand, regarding the concerns raised by the investment of Tesla (6.2% of the total comments), it was observed that users were not aware of Tesla’s ESG (Environmental, Social, and Governance) responsibility criteria. As an ESG company, Tesla should consider a commitment to environmental, social, and corporate governance factors as a reference for responsible and sustainable investment. However, the concern could still be valid, as Tesla received a “medium ESG risk” rating from the rating agency Sustainalytics in 2022 (Saldanha, 2022).

Considering the frequency of the different experience (2.3%), it can be asserted that the public opinion agrees with FDI as a generator of employment, integration into international
trade, and the development of suppliers. However, there is no agreement on the perception of FDI as a source of innovation, as no comment referred to this assertion, despite some users mentioning technology transfer. It is also noteworthy that no comment coincided with the Instituto Mexicano para la Competitividad (2021), Mexican Institute for Competitiveness in Spanish, which identifies FDI as a catalyst for innovation.

Based on the above, the assumption that the public opinion perceives FDI as a source of innovation in Mexican companies is discarded. However, it does align with Aguaded and Romero-Rodríguez’s (2015, p. 54-55) statement that “there is a need to promote media literacy activities, as well as communication policies framed in the production of quality educational, informative, and cultural content, from pluralism, citizen participation, and media with a perspective of public service”.

CONCLUSION

The World Bank (WB) (World Bank Data Team, 2018) points out that Foreign Direct Investment (FDI) is crucial for the development of countries as it serves as a source of financing. These resources and the establishment of links between companies have the advantage of encouraging local suppliers to improve the quality standards of their products and services through innovation, thus enabling their entry into international markets.

The Organization for Economic Cooperation and Development (OECD) (2002), similar to the WB, affirms that developing, emerging, and transition countries see FDI as a source of economic development and modernization due to technology transfer and the need for human capital formation, which enables the integration of local companies into the global market. It also suggests that to maximize the benefits of foreign companies presence in the local economy, innovation should be promoted, skills should be enhanced, and a competitive environment among companies should be fostered.

In line with the assertions of the WB and the OECD regarding the benefits brought by FDI, the study conducted by Maharmah (2023) complements this perspective on the relationship between FDI and economic growth in recipient countries. However, Maharmah explores this relationship in the specific context of Jordan’s commercial openness, examining how the presence of foreign companies can drive innovation and elevate quality standards through technology transfer and human capital formation.

The findings of Maharmah’s study (2023) indicate a positive relationship between FDI and economic growth within the context of commercial openness, aligning with theoretical
literature and other studies that highlight FDI’s significant impact on local economies. Maharmah emphasizes that commercial openness can amplify the positive effects of FDI by creating a conducive environment for knowledge transfer and collaboration between local and foreign businesses, fostering sustainable economic development that benefits both the investing and recipient country.

It is important to highlight that FDI not only brings benefits but also entails certain costs, such as potential impacts on the balance of payments of local economies due to the outflow of capital to their home countries (Organización para la Cooperación y el Desarrollo Económicos, 2002). As observed in Mexico’s macroeconomic data, it is a positive indication that some profits from FDI remained in the country.

Another concern in host countries of FDI is the impact on the environment (Organización para la Cooperación y el Desarrollo Económicos, 2002), and this concern, along with the water scarcity in the state of Nuevo León, was evident in the analyzed public opinion. These two situations represent some of the negative aspects of FDI; however, it is the OECD itself that clarifies that foreign resources can improve the social and environmental conditions of host countries through socially responsible business policies and cleaner technologies they bring compared to those of the host country.

In the case of Tesla, the company meets ESG (Environmental, Social, and Governance) criteria, meaning that, to some extent, the company has policies related to social and environmental care. The analyzed comments did not mention Tesla’s ESG criteria, but there were discussions about the water treatment plant it plans to install to meet its own industrial consumption.

In relation to the understanding of public opinion regarding FDI as a source of innovation, it is relevant to consider the study conducted by Kalogiannidis, Syndoukas, Papaevangelou, and Chatzitheodoridis (2023) that explores the relationship between corporate communication and business sustainability in times of uncertainty. This study highlights the importance of internal, horizontal, and external communication in promoting business sustainability during periods of change and economic turbulence.

With the arrival of foreign companies in Mexico, such as Tesla, it can be observed that the perception of FDI faces challenges and controversies. The Mexican public opinion appears distant in considering foreign resources as sources of innovation, which aligns with the findings of Kalogiannidis et al. (2023), who indicate that negative social interactions and distractions in public opinion can hinder the identification of new business opportunities and commercial relationships during the arrival of foreign companies.
Kalogiannidis et al. (2023) emphasize the importance of addressing negative social interactions and distractions in public opinion to foster a more objective and comprehensive understanding of the benefits of FDI as a source of innovation during times of change. The integration of effective communication and the promotion of media literacy are crucial challenges in addressing negative perceptions and enhancing the positive aspects of FDI in the Mexican economic environment. By addressing these challenges in an informed and balanced manner, a favorable environment for foreign investment can be created, thus maximizing the benefits of FDI as a driver of innovation in Mexico and contributing to the sustainable economic development of the country.

Passivity in the face of an imminently globalized environment does not create favorable conditions for local companies, so it is necessary to promote innovation to expand the markets that come with the inertia of foreign companies and capital. This innovation is not only about producing goods and services as part of supplier development (Ocádiz, y otros, 2022), but it can also be applied to minimize or neutralize the costs of FDI.

According to Melane (2020), the observed effect on Spanish companies that received FDI, compared to those that did not, was that these capital inflows were important for generating sustainable innovations. On the other side, Ramírez and Sarmiento (2020) observed that in Latin America, despite the region’s potential for research and development projects, companies invest in innovation at a slower pace than in other countries, affecting their productivity, growth, and job creation (Riquelme, 2021).

By analyzing the comments of users consuming online news through Facebook, it is evident that the Mexican public has a distant perspective when considering these foreign resources as a source of innovation. Moreover, it tends to be distracted by negative aspects, such as hate speech. Therefore, it can be concluded that there is a limited perception of new business opportunities or commercial relationships through supply chains, value chains, and innovation with the arrival of Tesla in Mexico.

This research also indicates that FDI is a controversial topic in Mexico that generates negative social interactions, regardless of media preferences and polarization. This highlights the urgent need for media literacy in social media, especially in economic matters, which can contribute to the country’s development.

The promotion of knowledge and the dissemination of media literacy in the business environment can be achieved through the creation and implementation of communication strategies that counteract negative perceptions of FDI and raise awareness among the
population about ESG responsibility criteria to highlight some positive aspects of foreign resources and companies, without trying to convince in favor or against FDI.

Media literacy enables the positive use of media, fostering closer ties between Mexican companies and commercial and industrial representation associations, so they can provide goods and services to multinational companies located within the national territory or abroad.

Additionally, promoting innovation contests can help counteract environmental effects while disseminating research on the expected positive outcomes of FDI in a local economy. This allows for leveraging favorable aspects and seeking the neutralization or reduction of negative effects perceived by the public, ultimately strengthening FDI resources as a tool for innovation that drives the country’s economic growth.

Absolutely, it is recommended that companies themselves promote media literacy skills through campaigns to generate ethical and responsible opinions that prevent misinformation (Ocádiz-Amador, Robles-Acevedo, & Gómez-Mohedano, 2022).

Addressing and overcoming the challenges arising from the public perception of FDI as a source of innovation in Mexico is crucial. These challenges include the negative perception and distraction of the public, which tends to focus on harmful aspects such as hate speech, making it difficult to identify new business opportunities and commercial relationships through the arrival of foreign companies like Tesla.

Another significant challenge is the controversy and polarization surrounding the topic of FDI, leading to negative social interactions regardless of media preferences and political divisions. To tackle this challenge, it is essential to promote a more informed and balanced discussion about the benefits and challenges of FDI, fostering a more comprehensive and objective understanding among the population.

Media literacy is also highlighted as a pressing challenge, particularly in the realm of social media and economic topics. It is fundamental to promote knowledge and understanding of media literacy among the population, thereby countering negative perceptions and encouraging more responsible and ethical communication regarding FDI.

Furthermore, the challenge of countering the negative effects of FDI, such as environmental impacts, is also addressed by promoting innovation contests and disseminating research that highlights the expected positive outcomes of FDI in the local economy. In this manner, the aim is to reinforce FDI resources as an effective tool for driving economic growth and innovation in the country.
In conclusion, it is recommended that companies themselves promote media literacy skills through campaigns, thus generating ethical and responsible opinions that avoid misinformation. By addressing and overcoming the challenges identified in this research, a conducive environment for foreign investment can be promoted, and the benefits of FDI as a source of innovation in Mexico can be maximized, thereby contributing to the country’s economic development and growth.

REFERENCES


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