INVESTMENT BY TNCs AND GENDER: Preliminary Assessment and Way Forward
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This publication has been edited externally.
Through their activities in foreign direct investment (FDI), trade, non-equity modalities and business relationships with local suppliers, transnational corporations (TNCs) have significant gender-specific impacts in developing countries. This report is a preliminary assessment of this impact, based upon a review of the literature. It focuses mainly on gender equality, spanning the wage and employment impact of TNCs, and the related potential for women’s empowerment. Gender equality matters because it is positively linked to economic growth, but the strength of the positive impact is mediated by various contextual factors, such as the structure of the economy, the sectoral nature of job segregation, and sociocultural factors. Hence, gender impacts matter to the sustainable development of countries.

Investment by TNCs can be instrumental in creating job opportunities for women, particularly in labour-intensive, largely export-oriented industries – for instance in textiles, garments, electronics and selected agricultural subsectors; in call centres; and in hotel, catering and tourism. In many developing countries, TNCs have enabled women to enter the formal labour market for the first time, within their own companies or linked companies, through the business opportunities generated with local suppliers or through global supply chains. The inclusion of women in the formal sector is important because it is linked, notably, to a higher standard of living and better social outcomes for households in terms of health, nutrition and education benefits.

However, there are risks, and a rise in investment by TNCs may increase gender inequality, for instance, when the jobs created for women remain confined to low-paid activities or occur in the informal sector, if adequate employment and working conditions are lacking, or when upgrading of skills is insufficient for women to remain employed when industries upgrade and/or when employment in low-cost, labour-intensive activities declines.

Enhancing the benefits of TNCs’ activities for women in developing countries, including support for women’s empowerment, requires corporate actions and targeted policies. Thus, in this report, UNCTAD puts forward key policy recommendations, issue areas for TNCs and potential related international standards.

Maximizing the benefits for women of investment by TNCs requires initiatives at the national and international levels. Based on the analysis presented in this report, three key policy interventions are identified, with preliminary policy recommendations. Governments should consider the following:

- **Adopt a strategy towards gender issues**: This strategy should be embedded within the overall national development strategy, and consider the coherence and complementarity of national policies ranging from education, labour, health and infrastructure to entrepreneurship, as well as trade and investment.

- **Consider harnessing investment for gender development**: To achieve this, governments can take a number of actions. To promote employment of women in TNCs, governments should provide infrastructure and social protection to enable women to work for TNCs, prepare and protect women who work for TNCs, and promote career development for women. To promote gender-friendly TNC value chains, governments could support women entrepreneurs, foster local procurement and linkages, and facilitate TNCs’ practices that favour gender development.

- **Develop strategies specifically for labour-intensive export-oriented sectors and sectors in which capital has high physical mobility**: The incorporation of gender concerns in investment policies for these sectors would benefit from international initiatives, including stronger cooperation.
UNCTAD also proposes a set of issue areas to guide TNCs in their inclusion of gender concerns in business models. These issue areas are based on this preliminary assessment of the impact of investment by TNCs, and on the recognition of the importance of gender equality and women’s empowerment for achieving sustainable development. The core areas include the following:

- Non-discrimination and equality in treatment between men and women
- The incorporation of gender concerns into investment projects and business models
- Reporting on gender participation
- Engagement in the promotion of women’s empowerment
- Equal rights in collective bargaining
- An assessment of the gender impact of divestment decisions as well as gender-sensitive divestment models

These areas can be a voluntary guide for TNCs and should be developed further in light of future research, multi-stakeholder consultation and piloting.

The report ends with a future research agenda on investment by TNCs and gender. Suggestions include the following:

- Gender considerations within TNCs’ human resource management and corporate social responsibility strategies
- Types of TNCs and impact on gender
- TNCs, global value chains and gender
- Dynamic perspectives on upgrading and the role played by women in the process
- The impact on gender of investment by TNCs in the services sector
- Investment by TNCs in footloose industries and impact on gender
- The social and environmental impacts on gender of investment by TNCs
I. INTRODUCTION

This report examines the impact that investment by transnational corporations (TNCs) – that is, direct investment conducted by TNCs as well as activities by non-equity modalities (NEMs) – has on gender, particularly in the context of developing host countries. The objective is to review the gender-related effects of investment by TNCs, in the context of investment and social sustainability, and provide initial evidence with regard to the positive and negative effects on women.

Analyses of gender-related issues, especially in the context of development, range widely. Gender equality and women's empowerment are development objectives in their own right, as reflected in the Millennium Development Goals (MDG 3) and the dialogue on sustainable development goals (SDGs). Despite the important role of TNCs in economic development, surprisingly little attention has been given to the role of TNCs in gender-related issues in this literature. There remains uncertainty about their role in achieving the Millennium Development Goal of gender equality. Gender-related aspects as part of (or a catalyst for) the development outcomes of TNCs’ activity in developing host economies are essentially a ‘black box’.

To shed some light, the primary goal of this study is to examine foreign direct investment (FDI), TNCs and gender concerns.

To ensure analytical focus in areas of particular development interest, this report limits itself to the macro and industry effects of inward FDI on economies from a gender perspective, the effects of TNC policies – especially human resource management and corporate social responsibility (CSR) policies – on gender issues in host countries and the related policy implications.

There is considerable literature exploring the impact of TNC activities, especially FDI, on economic development in developing countries. Studies focus on both the direct and indirect impacts of FDI – for example, covering the employment effect of FDI, generally, on employment generation, labour productivity, wage inequality and skills levels – but mostly, they do not consider the impact of FDI and TNC activities on gender issues specifically. Yet, it is an important question: do TNCs in developing countries affect women workers differently, and if so, why, how and under what conditions?

A parallel body of literature explores the impact of globalization and trade on gender issues. These studies indicate that globalization can have a positive effect on women's employment, but only when certain conditions are met. In developing countries, women tend to be employed in relatively unskilled jobs, experience constraints on learning new skills and are overrepresented in the informal sector and selected labour-intensive activities. This means their employment tends to be more at risk. Studies also find that when technological upgrading occurs in an industry, low-skilled jobs (often filled by women) are progressively replaced by higher-skilled ones. Hence skills, industry composition and country characteristics influence the potential impact of trade and globalization in terms of gender. Although investment by TNCs and trade are interwoven, the literature seldom homes in on the TNC investment aspect.

The impact of globalization, through FDI and trade, on gender issues is multifaceted and complex. Although this report acknowledges the number of impacts that TNCs can have on women in host developing countries, such as consumption by women or access to specific services, it focuses on TNCs as enabling mechanisms for women's participation in the workplace. It centres on employment and development potential within TNCs, as well as in related business entities (NEMs), and business partners within and across borders. Numerous factors influence the general impact of FDI and trade on the labour market for women. The main ones cover access to jobs (including demand for skilled and unskilled labour), impact on wages, income and skills development. Overall, the impact of TNCs is also multifaceted and complex, and varies depending on a number of factors, including local capacity for production and innovation, host government policies, investor motives, the investment mode, firm characteristics, and the industry and
value chain segment. This report adds to the scant, but growing, literature on the gender dimensions of investment by TNCs.

Trade and FDI are closely related in developing countries. For this reason, relevant findings highlighting the effect of trade on gender issues are integrated, but the focus lies predominantly on FDI, NEMs and other TNC activities. This report examines, first, the impact of investment by TNCs on development from a gender point of view; second, its impact on the labour market in developing countries; and third, the key factors influencing TNCs’ impact on gender issues. The report ends with preliminary policy recommendations and identifies avenues for further research.
II. WHY DOES GENDER MATTER?

Women can act as powerful drivers of economic growth. Even small increases in the opportunities available to women can lead to significant economic and social benefits. When women are educated, earn an income and have control over it, there are a number of positive outcomes (Coleman, 2010:13): for instance, at the level of the family, reduction in infant mortality, improvement in children’s health and nutrition, and falling fertility rates, leading to lower population growth. Through such processes, cycles of poverty can be broken and economies can grow faster.

Estimates by Booz and Company (Aguirre and et al., 2012) indicate that raising female labour-force participation and employment to levels enjoyed by the male labour force could boost per capita GDP by 5 per cent in the United States, 9 per cent in Japan, 12 per cent in the United Arab Emirates and 34 per cent in Egypt. The positive impact could be even higher if the income gap between men and women were reduced.

Yet, women’s participation in the labour market remains limited in most countries and in many, gender disparities remain a major determinant of poverty.

Women represent some 70 per cent of the world’s poor. Girls are more likely than boys to be out of school in both primary and lower-secondary age groups. Women represent 63.8 per cent of the adult illiterate population. The gender gap in employment remains high, at 25 per cent. Women earn only 10 per cent of the world’s income and own less than 2 per cent of land worldwide. The average share of women members in parliaments worldwide is still just over 20 per cent.

The link between education and paid work is crucial because it lays the foundation for many of the inequalities encountered in the labour market throughout women’s working lives. In essence, education segregation leads to labour segregation. So education is important, but it is not sufficient, as a number of factors, including political, economic and sociocultural ones, come into play. Globally, despite declining gaps in education, gender gaps in employment persist, and job segregation has worsened (UNDP, 2013). More women have entered the workforce in recent years, but they are more likely to find themselves in vulnerable employment, they experience greater difficulties in finding a first job, they earn less than men, and they are more likely to work part-time.

The situation of the labour market deserves particular focus because most of the direct and indirect effects of FDI and trade are likely to occur in the labour market and both host country governments and TNCs have big roles to play in promoting gender equality. The ability of governments to develop evidence-driven and inclusive policies is a fundamental element for achieving gender equality.

Globally, women’s employment-to-population ratio stood at about 47.1 per cent in 2013, compared with about 72.2 per cent for men. Over the past decade, the gender gap in the employment-to-population ratio has hardly budged, persisting at 25 per cent (ILO, 2014). In 2012, the employment-to-population ratio for women was lowest in Northern Africa (18 per cent) and Western Asia (20 per cent) and highest in Sub-Saharan Africa (58 per cent), Oceania and Eastern Asia (64 per cent each) (UN, 2013).

Key terms and concepts of importance to the study of gender issues include gender equality, women’s empowerment and gender mainstreaming.

Gender equality refers to the equality between women and men, girls and boys, in all aspects of life including education, health, nutrition, access to economic assets and resources, political opportunity and freedom from coercion and violence. Many countries around the world have made significant progress towards gender equality in education in recent decades. Still, women continue to earn less than men, are
less likely to rise to the top of the career ladder and are more likely to end their lives in poverty (OECD, 2012). Causes of gender inequality in the workplace are illustrated in Box II.1.

**Box II.1. Causes of gender inequality**

1. **Direct discrimination:** This occurs when women are paid less than men for doing the same job or not employed in the first place.

2. **The undervaluing of women’s work:** This can occur when women’s competences are not valued equally with men’s for doing the same job; when in comparing jobs requiring similar skills, qualifications or experience, tasks performed by women are paid less, producing a gender wage gap; or when the evaluation of performance (linked to pay level and career progression) is biased in favour of men.

3. **Segregation in the labour market (both horizontal and vertical):** Women and men still tend to work in different jobs and different sectors (for instance, women dominate the health and social work sector, where pay is lower). Women are typically employed as low-skilled or unskilled workers, and they are underrepresented in managerial and senior positions.

4. **Traditions and stereotypes:** These bear an influence on the choice of educational paths and of professional careers (for instance, women are underrepresented in mathematics, computing and engineering, and consequently in better-valued and better-paid scientific and technical jobs). Similarly, women are often expected to reduce their working hours or exit the labour market to care for children or the elderly.

5. **Difficulty balancing work and private life:** This balance may be more difficult for women to manage because family care and domestic responsibilities are not equally shared. This means women tend to have more career interruptions and work shorter hours than men, with negative impacts on their career development, promotion prospects and financial rewards.


**Women’s empowerment** is closely related to, but goes beyond, gender equality to cover not just women’s condition relative to men’s, but also their power to make choices and their ability to control key aspects of their own lives. Women’s empowerment goes hand in hand with efforts to address gender inequality. Economic empowerment relates to women’s access to key economic assets and opportunities, with a focus on paid work (Kabeer, 2013).⁵

A partnership initiative of UN Women and the UN Global Compact promotes seven **Women’s Empowerment Principles**, intended to help the private sector focus on key elements that are integral to promoting gender equality in the workplace, marketplace and community (Box II.2).

**Box II.2. Women’s empowerment principles**

Subtitled *Equality Means Business*, the Principles emphasize the business case for corporate action to promote gender equality and women’s empowerment. They are informed by real-life business practices and input gathered from across the globe. As well as being a useful guide for business, the Principles seek to inform other stakeholders, including governments, in their engagement with business.

- **Principle 1:** Establish high level corporate leadership for gender equality.
- **Principle 2:** Treat all women and men fairly at work – respect and support human rights and non-discrimination.
- **Principle 3:** Ensure the health, safety and well-being of all women and workers.
- **Principle 4:** Promote education, training and professional development for women.
- **Principle 5:** Implement enterprise development, supply chain and marketing practices that empower women.
- **Principle 6:** Promote equality through community initiatives and advocacy.
- **Principle 7:** Measure and publicly report on progress to achieve gender equality.

II. WHY DOES GENDER MATTER?

Gender mainstreaming: Mainstreaming was established as a major global strategy for the promotion of gender equality in the Beijing Platform for Action at the Fourth United Nations World Conference on Women in 1995. Gender mainstreaming is defined as the process of assessing the implications for women and men of any planned action, so that the gender perspective becomes an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes. It encompasses the anticipation of potentially differential impacts of policy actions on women and men, as well as the ability to design policy actions that are gender-sensitive (Box II.3). Gender mainstreaming is a process; it does not replace specific policies which aim to redress situations resulting from gender inequality. Gender equality policies and gender mainstreaming are complementary.

**Box II.3. Mainstreaming gender in trade policy at UNCTAD**

Through its work programme on trade, gender and development, UNCTAD supports its member countries in making economic policy – in particular, trade policy – a force for inclusive development.

Mainstreaming gender in trade policy is done to (a) better understand the specific challenges and opportunities that trade policies present to women and men; (b) design and implement trade and other macroeconomic policies to maximize opportunities for all; (c) facilitate the successful integration of women into more technological and dynamic economic sectors; (d) avoid increasing gender disparities and contribute to mitigating them; (e) facilitate women’s empowerment and well-being.

The work of UNCTAD in this area includes: analysing the interaction of trade and gender at the country level through a unique portfolio of case studies; supporting women in the least developed countries and training researchers and academicians.

*Source: UNCTAD, Trade, Gender and Development Section.*
III. THE IMPACT OF INVESTMENT BY TNCs ON GENDER ISSUES IN HOST ECONOMIES

This section examines the impact of investment by TNCs on gender issues, taking into account all related activities through NEMs, business linkages with local suppliers or customers in host developing countries, and business relationships along the value chains through trade. Figure III.1 depicts the types of activities conducted by TNCs that can have an impact on gender development (primarily through gender equality, employment, wages and empowerment). This section assesses this impact in developing countries, focusing on general FDI impacts on host economies, trade and FDI liberalization, as well as impacts on gender inequality in the labour market and impacts on women’s empowerment.

![Figure III.1. TNC activities and impact on gender issues](source: UNCTAD)

**A. In what ways does investment by TNCs impact gender issues?**

Over the past decades, it has become increasingly acknowledged that improving the status of women is one of the most critical levers in furthering international development. This lever is no less important in the debate on TNCs and development.

Investment and trade are commonly treated by economists as premier agents of economic growth and development. In consequence, the adoption of FDI-stimulating policies by an increasing number of countries worldwide stems from the expectation that FDI will bring benefits to the recipient countries. Indeed, to the extent that FDI adds to the capital stock, it may have growth effects similar to domestic investments.

The relationship between growth and FDI is complex and existing empirical findings are mixed, showing both costs and benefits from FDI for developing countries. TNCs are generally able to utilize superior technology, which may benefit those receiving the foreign capital, as well as other firms in the country through spillovers, demonstration effects, labour movement, or linkages with buyers and suppliers. The competitive pressure exerted by TNCs may also force local firms to operate more efficiently and adopt new technologies, improving the allocation of resources. Yet, TNCs may also have an adverse impact on host economies; for instance, if their presence leads to local firms running out of business, if the technology gap is too large for spillovers to occur, or if they attract local talent to the detriment of local competitors.
Despite the plethora of studies on FDI and growth, the relationship between aggregate FDI and economic growth is still not clear, and even studies investigating specific growth-enhancing effects of FDI are ambiguous in their findings (Beugelsdijk, Smets and Zwinkels, 2008). Important insights in the contemporary spillover debate have underscored that not all types of FDI are equally good for growth and that a closer look at the heterogeneity of firms, their investment patterns and the host country environment is needed.

Understanding the motivation for FDI is important to gender because some types of FDI may create more employment opportunities for women, thus having a differentiated impact on gender. Although TNCs invest with more than one objective, it is generally accepted that they engage in three main types of FDI, namely market-seeking, resource-seeking and efficiency- or asset-seeking FDI (Dunning, 1993; Dunning and Lundan, 2008). Depending on the types, certain host country determinants will dominate TNCs’ choice of location, although the competition for FDI is increasingly based on cost differences between locations, the quality of infrastructure and business-related services, the ease of doing business and the availability of skills.

As the FDI impact on gender in developing countries is not well documented, a means to assess where the impact is likely to occur, positively or negatively, is first to consider known direct and indirect developmental impacts of FDI in host countries. Those appear in Table III.1 with illustrations of how types of impact would also apply to gender issues. Similarly to general FDI impacts in host countries, FDI impacts on gender are multifaceted and occur simultaneously at various levels. TNCs’ impact on women concerns the employment-related effect within foreign affiliates (the scale of women’s employment, wage equality, and employment opportunities for women in local firms that have linkages with TNCs (employment practices on training, etc.)

### Table III.1. General FDI impact in host countries: overall and selected gender-related elements

<table>
<thead>
<tr>
<th>FDI impact on host countries</th>
<th>Selected gender-related impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance of payments effects</strong> (e.g. related to trade in intermediate and final goods and services, royalties and license fees, reinvestment)</td>
<td>Macro-economic impacts on the balance of payments of host economies; examples of FDI-related trade effects include women’s employment in export-oriented industries and value chain segments, or in related industries.</td>
</tr>
<tr>
<td><strong>Productivity effects</strong> and market structure</td>
<td>Competition effect on local firms (and crowding out or in) impacts women’s employment and potential for training and upgrading.</td>
</tr>
<tr>
<td><strong>Labour market effects</strong> (wages, training, labour standards, crowding out or crowding in)</td>
<td>Positive and negative impact in terms of direct employment within TNCs, NEMs, or the potential for women’s employment in local firms (e.g. micro-enterprises around factories), with an impact on women’s wages, training and skills development and and overall impact on consumption.</td>
</tr>
<tr>
<td><strong>Technology transfer</strong> (licensing, transfer of know-how, transfer of standards, quality procedures, etc.)</td>
<td>Potential for new skills development by women employed in TNCs, NEMS, business partners along the value chain, or other local firms.</td>
</tr>
<tr>
<td><strong>Institutional transfer</strong> (adoption of formal institutions such as accounting practices as well as informal norms and values)</td>
<td>Potential transfer of HR practices related to women’s employment.</td>
</tr>
<tr>
<td><strong>Linkages</strong> (effects of TNC activities on local firms such as suppliers or customers)</td>
<td>Potential impact of women’s employment practices in the rest of the economy (a type of demonstration effect).</td>
</tr>
<tr>
<td><strong>Spillovers</strong> (effects of TNC activities on unrelated local firms)</td>
<td>Impact on women through transfer of TNC human resources practices in local firms.</td>
</tr>
<tr>
<td><strong>Overall impact on economic growth</strong></td>
<td>Impact on women through changes in standards of living, consumption, and employment opportunities.</td>
</tr>
</tbody>
</table>

Source: UNCTAD.
III. THE IMPACT OF INVESTMENT BY TNCS ON GENDER ISSUES IN HOST ECONOMIES

training); a rise in the goods and services available to women, including the price effect (this impact relates to consumption by women); the potential improvement in skills that women can use elsewhere; or a change in empowerment. In addition, TNCS have a significant impact on gender issues through a number of corollary (but unplanned) effects; for instance, through FDI boosting or reducing the size and quality of the labour market, or through services activities developing in the vicinity of foreign factories.

FDI most directly affects women workers through its impact on employment and wages, within TNCS themselves, but also more widely within the host economy. The impact of FDI on local domestic firms and on domestic investment is unclear, with studies pointing to both positive and negative effects through horizontal (e.g. crowding in or out of local firms, including demonstration effects) and vertical spillovers and linkages (e.g. relationships with local customers or suppliers, which include the potential for knowledge and technology transfer). This means that assessing the FDI impact on women’s employment is also complex. For instance, FDI can have a net positive impact on women when supporting the development of a new industry, as in the case of offshore services and the rise in formal employment for women in Egypt (Box III.1). In hospitality, catering and tourism, the hotel industry is among the world’s top job creators and allows for quick entry into the workforce for youth, women and migrant workers. Mostly operating in developing countries through NEMs (UNCTAD, 2011c), the major international hotel chains offer significant human resource development opportunities, including in-house and on-the-job training. However, the tourism industry is rife with job segregation, around the world, and women often have limited prospects for upgrading jobs and skills (UNCTAD, 2011c; Baum, 2013; Staritz and Reis, 2013).

Box III.1. Egypt: top destination for offshore services and employment opportunities for women

The call centre industry in Egypt started in the late 1990s when Vodafone UK (and its partner at the time, US Airtel) entered the market and trained workers in “customer care”. Egypt became a desired destination for call centres because it offers a low-cost workforce of young educated people who are fluent in multiple languages, as well as good relevant infrastructure. Firms include a mix of foreign-owned captive centers (e.g. HSBC) global service providers (e.g. Teleperformance), and large Egyptian-owned firms (e.g. in 2003, Xceed was started as a government-owned captive centre in 2003 to service Telecom Egypt’s customers and its IT arm).

Female participation in the industry is high, particularly if compared with other industries in the formal sectors in the country, and ranges from about 30 percent (in technical centers) to over 60 percent. The industry is growing and offers significant job opportunities for women, as well as the possibility of upgrading skills through training.

Source: Staritz and Reis (2013), Chapter Four “Global Value Chains, Economic Upgrading and Gender in the Call Centre Industry” Source: UNCTAD, Trade, Gender and Development Section.

As there is evidence that the share of women employees of TNCS is high in labour-intensive sectors, export processing zones (EPZs) provide a good demonstration of the multiplicity of FDI impacts. The primary goals of EPZs are foreign exchange earnings through increased exports, employment creation (with a significant impact on gender because the share of female workers tends to be high in these zones), FDI attraction, technology transfer and linkage effects with the rest of the economy (possible if firms do not operate as enclaves) (Madani, 1999; Milberg and Amengual, 2008; Wick et al., 2010). FDI impacts may be minimal in EPZs if little transfer of skills, knowledge and technology occurs, or if EPZs have a crowding-out effect on domestic investments. In those cases, the employment generated for women by TNCS in EPZs may be offset by a decline in employment for both genders in local firms. In some cases, working conditions and the level of bargaining power of women employees may not be adequate, and the long-term prospects for upgrading can be limited for women hired for low-skilled, low-paid jobs in labour-intensive export industries (Tejani, 2011).
B. Do liberalization and the link between FDI and trade matter for gender issues?

Gender inequality in developing countries has been shown to have an adverse effect on economic development. The higher the initial level of inequalities in the distribution of education, land, assets or capital, the less likely it is that a particular growth path would lead to a decline in poverty (Alesina and Rodrik, 1994, Persson and Tabellini, 1994, Deininger and Squire, 1998, Deininger and Olinto, 2000). In this context, there is debate as to whether the process of globalization (through trade and FDI) leads to narrowing or widening inequalities within countries. Overall, openness has been found to boost economic growth, but its effect on inequality of income distribution varies. This is because openness to trade and FDI has an effect on the relative factor endowments and sectoral specialization of a host country, with distributional consequences (Braunstein, 2006; Aguayo-Tellez, 2012).

For example, through the process of both trade and investment liberalization, the demand for female labourers in mobile industries has risen. This, in part, has been linked to a process of feminization and defeminization in some industries, illustrated by the fact that high female employment intensity may decline when firms upgrade to higher-technology segments and activities (Box III.2). When women are employed in mobile industries, a threat of firms relocating to alternative lower-wage sites may have a negative impact on their bargaining power. By contrast, men’s employment is often concentrated in non-tradable, capital-intensive industries (Seguino, 2006).

**Box III.2. Feminization and defeminization of employment**

Many authors have linked increases in trade openness and FDI to feminization of employment, i.e. a rise in the female intensity of formal employment, especially in developing countries (Seguino, 2000; Standing, 1999). Global feminization is attributed to the fact that women provide a cheaper and more flexible source of labour than men and thus are preferred by employers seeking to expand exports by lowering labour costs (vertical FDI). Joekes (1999) identifies EPZs as significant mechanisms facilitating the rapid growth of female employment, on the back of which many developing countries have expanded their exports of manufactured goods.

Recent studies have however observed a defeminization of manufacturing employment (i.e. a decline in women’s share of employment in developing countries), even as globalization continues. This is the case in, for example, some countries in East- and Southeast Asian countries, where firms have gradually shifted into higher technology sectors, a shift which has been linked to a fall in female employment intensity (Berik, 2009, Tejani and Milberg, 2010). The observed defeminization during industrial upgrading is explained by a combination of skill mismatch and existing segregation in higher-skilled occupations.

*Source: UNCTAD*

One of the reasons why the effect of liberalization of trade and FDI is difficult to assess is linked to the nature of the relationship between trade and FDI. That relationship, at the core of the globalization process, is complex (Fontagné, 1999) because of various factors coming into play over time, across countries and at different levels of aggregation (economy-wide, sectoral and at the level of the firm). This relationship responds to changing conditions in a dynamic way. The link between trade and FDI affects gender issues in developing countries because the fragmentation of production across the world in certain industries can favour women’s employment, and export-oriented industries in developing countries are often led by TNCs, including through FDI or NEMs such as contract manufacturing. The fast-growing expansion of trade in intermediate inputs (Barba Navaretti and Venables, 2004) is linked to a change in the system of production.

The fragmentation of production across the world often takes place within global value chains (GVCs) which tend to be led by TNCs that act as buyers and suppliers. Splitting the value added process, from the creation of a good or service to its final delivery to the customer across locations, has become instrumental
in enabling developing countries to globalize. As this has occurred, the relocation of specific tasks and activities also has had a gender-related impact (Barrientos, 2001). Specifically, there is evidence that the evolution of GVCs in labour-intensive sectors led to an increase in women’s employment in export-based sectors of developing countries, particularly in buyer-driven chains (where women tend to be employed in sectors such as consumer goods, apparel, footwear, horticulture, etc.). As well as opportunities, this evolution brings risks for women (Staritz and Reis, 2013), depending on the type of governance, power structure and upgrading potential within the GVCs (Gereffi and Memedovic, 2003, ILO, 2012). One type of risk is linked to the pressure of reduced sourcing costs, when suppliers down the chain bear high risks, high cost pressure and fluctuations in demand, with adverse effects on the women employed (Barrientos, 2012, UNCTAD, 2013c).

For individual countries, the relationship between trade and FDI matters further because they can be either substitutes or complements. Horizontal FDI is both a substitute (foreign production in a foreign affiliate replaces production and exports from the home country) and a complement to trade (the production of the foreign affiliate may generate new exports from the host country). Vertical FDI, which is concentrated in labour-intensive activities, refers to investments where the production process, or the value chain, is fragmented into different parts in order to take advantage of differences in factor prices between countries and regions (Kucera, 2001). Vertical FDI may be a complement to trade by increasing intra-firm trade. It commonly occurs in “mobile industries” (e.g. informatics, data processing, tourism), or value chain segments (depending on the firm) with limited sunk costs (including training costs). Women tend to be the preferred labour force in these sectors (Seguino, 2006), because of perceptions that they are flexible, patient and dedicated, and more ready to accept lower wages (ILO, 2010). As illustrated in selected Asian economies, gender inequality (that is high gender wage gaps where TNCs seek low-cost labour) has contributed to the growth of export sectors with high levels of inward FDI (Seguino, 2000) (Box III.3).

To conclude, trade and FDI liberalization have both positive and negative effects on gender. Countries need to better understand the complex relationship between trade and investment in order to assess the gender-related impact of investment by TNCs, particularly because trade and FDI can be both complements and substitutes. Potential pitfalls can occur when women tend to be the main employees in footloose industries (with the resulting potentially unfavourable impacts associated with working in such industries), or when export competitiveness derives from gender inequality.

**Box III.3. Gender, labour utilization and rapid economic growth: the Asian Tiger story**

Hong Kong, the Republic of Korea, Singapore and Taiwan Province of China were studied as exemplars of rapid industrialization from 1960 onwards. As these countries progressively liberalized their economies, the female labour-force participation ratio grew rapidly. The most rapid increase occurred in Singapore, where the ratio rose by 26% over the period from 1970 to 2008. The ratio also increased rapidly by about 10% in the other three Asian Tiger countries (ILO, 2010).

A number of factors contributed to the ability of these countries to attract firms in the electronics industry and engage in the export of electronic products. These actions were supported and developed as part of governments’ export-oriented growth strategies. Women were part of these strategies and contributed to the success of the industry, representing a large pool of low-wage unskilled labour, often recruited from school and from rural areas (Berik, 2009). Employment of women increased, especially in light, labour-intensive manufacturing production.

There is evidence that gender inequality was a component of export-oriented economic growth for the Asian Tigers (Seguino, 2000). Tapping into low-cost female labour was one way by which these countries achieved strong economic growth. The benefits to women included access to formal employment, but there were disadvantages in terms of wage inequality, gender-segregated employment, limited access to training and variations in working conditions.

*Source: UNCTAD*
C. Investment by TNCs and gender inequality in the labour market

Wage gaps and employment development are the most widely used measures of gender inequality in the labour market. In this section, the relationship between investment by TNCs and gender inequality in the labour market therefore focuses on the wage gap, access to employment and employment quality.

1. Wage gap

Overall, studies find that TNCs in developing countries pay higher wages than local firms and that their presence may raise wages on average (Aitken, Harrison and Lipsey, 1996, Feenstra and Hanson, 1997, Sjöholm and Lipsey, 2006). Higher wages are paid by foreign firms even when controlling for the fact that they often locate in higher-paying sectors (locally), and this tends to hold true for both skilled and unskilled labour. There are advantages in working for TNCs: they are better able to insulate employees from economic cycles, and in larger firms, employees are better protected by labour legislation and more likely to be unionized and receive benefits (Braunstein, 2009). In host developing countries, the presence of foreign firms has been found to also positively affect wages paid by domestic firms (Lipsey and Sjöholm, 2001).

However, in some cases, when foreign firms operate in sectors where wages are low (UNCTAD, 2012b), their activities have also been linked to a worsening of the distribution of income between skilled and unskilled workers, and their impact on wages paid by local domestic competitors can be adverse (Barry et al., 2005). Foreign firms may poach the best workers from domestic firms and thereby reduce the latter’s productivity; in addition, competition from foreign-owned firms might reduce domestic productivity directly, through product-market competition. Thus, a negative impact on wages paid by domestic firms can occur as a result of labour-market crowding-out, or the poaching of skilled labour by foreign firms.

Looking at the wage impact from a gender perspective, with variation by country and industry, investment by TNCs can act as a platform from which women can access formal sector employment, with a positive effect on stability and/or the wages they earn. A number of studies show that trade liberalization leads to narrower wage gaps between men and women across developing countries (for a sample of 12 countries in the 1970s and 1990s, Tzannatos, 1999; for Viet Nam during the 1990s, Rama, 2001). Oostendorp (2009) finds that, across a large number of countries, growth and an increase in trade and FDI lead to narrower gender wage gaps but for richer countries, indicating that a certain level of development is needed before growth, trade and FDI have an impact.

But the effect of investment by TNCs on the gender wage gap is not systematic. Wage gains can be unevenly distributed, or greater openness to trade and FDI may not lead to a reduction in the gender wage gap. For instance, in the case of the Republic of Korea, there is little evidence of a narrowing wage gap in the 1970s-1990s, while the gap seemed to widen in the case of Taiwan Province of China (Seguino, 2000; Berik, van der Rodgers and Zveglich, 2004). In the case of Mexico, Artecona and Cunningham (2002) and Villalobos and Grossman (2008) find that trade liberalization initially widened the gender wage gap in the manufacturing sector in the 1980s, most likely because of an increased demand for experienced skilled workers, who were mostly men. The situation changed in the 1990s, when demand for low-skilled female workers in the maquiladoras increased, narrowing gender wage inequality.

A number of factors can explain why the impact on the gender wage gap differs and can change over time. For instance, in export-oriented industries, international competition can exert pressure on firms and employers, and in some cases, this can reduce women’s employment prospects or lower their power to bargain for better wages (Berik et al., 2004). Similarly, high capital mobility, as in Taiwan Province of China, has been linked to growth in the gender wage gap (Seguino, 2000). Over time, as TNCs move into activities
that add higher value and because of the gender segregation in employment, the change can be linked to growth in the gender wage gap (Box III.2) (Braunstein, 2009). Rendall (2013) focuses on the brain-versus brawn-intensity of jobs and their effects on gender inequality in four developing countries (Brazil, India, Mexico, and Thailand) and finds that countries with lower brawn requirements, or countries in which women can take advantage of their comparative advantage in brain skills, provide better labour-market opportunities over time (Table III.2). This is, however, dependent upon a number of factors, such as equal access to education and potential for upgrading skills in the work environment.

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>Mexico</th>
<th>Thailand</th>
<th>India</th>
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<tbody>
<tr>
<td>1990</td>
<td>67</td>
<td>84</td>
<td>72</td>
<td>36</td>
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<td>1995</td>
<td>71</td>
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<td>2008</td>
<td>78</td>
<td>85</td>
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</table>

Source: Rendall (2013 : 3).

To conclude, openness to trade and FDI does not result automatically in a reduction of gender inequality in terms of the wage gap. The effect varies over time and it is country- and context-specific. The level of education and work experience of women and their bargaining power matter, as do other influential factors such as government policies, the nature of the industry in which TNCs operate and women are employed, the level of international competition, technological upgrading and the move towards higher value added activities, and the level of capital flows and capital mobility.

2. **Access to employment**

On a global level, the majority of women in the formal sector work in services (59%), followed by agriculture (26.2%), and industry (14.4%) (by comparison, the shares for male employment are 43.3%, 27.7% and 29.2%, respectively). Figure III.2 presents the global and regional distribution of employment by aggregate sector, by gender (see Annex 1 for further global market indicators), and shows that there are huge regional differences. In South Asia and “Other” Africa, the largest share of women’s employment is found in agriculture. By contrast, in Latin America and the Caribbean over 80 per cent of women are employed in services. The largest share of women employed in industry is found in East Asia (at 24 per cent).

Globally, the share of women in industry rose only slightly over the last two decades as many women moving out of agriculture shift directly to services. Some regions are more advanced than others in the shift of women’s employment to services. This shift is linked, in some cases, to the rise in international outsourcing in services (Box III.4), but more generally, the level of women’s employment in services increases through the process of economic development and technological upgrading (Box III.5).

Focusing on industries, examining data in 68 countries, Baum (2013: 39) demonstrates that it may be difficult to identify a clear pattern of employment by gender for specific industries across countries. For instance, the share of female employment in the tourism industry is lowest in North Africa and the Middle East (where in some cases women hold less than 3 per cent of total employment in the industry), and highest in Nordic or transition economies (with women holding more than two-thirds of total employment). Thus, context specificity, such as legal or sociocultural and religious aspects, affects overall access to employment for women.
Figure III.2. Global and regional distribution of employment by aggregate sector, by gender, 2011

Female employment

Male employment

Source: UNCTAD, data extracted from the International Labour Office, Key Indicators of the Labour Market database.

Notes: In the case of Other Africa and East Asia, data on employment by sector and gender are either not complete or not available for all countries; hence 2008 data from ILO (2010: 38) are used. Other Africa refers to Central, Southern, West and East Africa.
Global inward FDI flows and stocks in developing countries are largest in East and Southeast Asia, and in parts of Latin America and the Caribbean. Although gender-disaggregated employment data within TNCs, country and sectors are not always available, individual studies indicate that, in these regions, TNCs can offer access to formal employment for women, especially in export-oriented sectors.

For countries in early phases of industrialization, TNC activities are linked to a rise in women’s employment in labour-intensive activities. The clustering of women’s employment occurs in price-elastic export industries, where low labour costs are key to international competitiveness. Thus, women’s employment created by TNC activities is typically found in light manufacturing activities, such as the textiles and garments or electronics industries, or in selected labour-intensive services. In the case of investment in agriculture, the impact on women can be difficult to assess, often because of the type of employment generated and the conditions under which women work (Box III.4).

As economies develop, there seems to be a decline or reverse in employment practices in export industries in favour of men, especially in export-oriented manufacturing (see Box III.2 and Box III.3). This trend has been observed in Hong Kong (China), Singapore, the Republic of Korea and Taiwan Province of China, and in Mexico’s maquiladoras (Berik, van der Rodgers and Zweiglch, 2004), although the declining trends of women’s share in the industrial labour force reversed in Thailand and the Philippines in the later 1990s following the Asian financial crisis (Braunstein, 2009). Where the services sector is expanding, it partly compensates for the decline of women’s employment in manufacturing (Box III.5). Despite the importance of the services sector, little is known about the trends in women’s employment through upgrading in this sector (see Box III.5), and the role that TNCs play in the process (Box. III.6).

Further research is needed to understand how employment created in TNCs for women compares with local alternatives (in local firms or through self-employment). A key advantage lies in employment stability. TNCs can be resilient to unfavourable economic cycles, but employment can be less stable in mobile industries.

Box III.4. Gender inequality in agriculture in developing countries

UNCTAD is currently involved in a large-scale inter-agencies research project, together with the World Bank, to explore the role of FDI in agriculture, in continuation to the proposed set of Principles for Responsible Agricultural Investment (PRAI) launched in 2010. Key findings are based on 38 investments in 13 countries in sub-Saharan Africa and South-East Asia. Across the 24 investments which provided employment data by gender, about 35 per cent of employees were women. Where women are employed, they are more likely to have casual, temporary or seasonal jobs. Almost 60 per cent of jobs held by women fall into this category, whereas less than 45 per cent of men employed were on non-permanent contracts. Women are less likely to have access to outgrower schemes, which generate higher development benefits. This is because virtually all outgrowers are men; only 1.5 per cent are women.

Across projects, the vast majority of senior management, on-farm employees and outgrowers are men. Women are disproportionately represented in the casual labour sector, in some particularly low-paid jobs (such as rubber tapping), as well as for certain tasks, notably cultivating seedlings in plant nurseries, applying fertilizers and harvesting flowers. There is a notable lack of attention paid to gender issues across investment projects, including impact assessments, consultations, benefit-sharing arrangements and employment opportunities.

However, some examples of positive strategies exist.

(A) One company has established a Gender Committee, composed largely of female employees representing all sections of the operation, including the administrative staff. A key role of the Gender Committee is to raise the awareness of female staff regarding their right to equal pay and their reproductive rights. Importantly, the Committee also provides a conduit for women to report on violation of these rights.

(B) Improved access to markets for female farmers: On one of the rubber plantations visited, there was one market stall where women can sell the surplus food crops they grow among the rubber. Because access to this stall had proved difficult, the company developed a number of stalls in central places around the plantation to facilitate access for growers and workers to buy and sell produce. The provision of business training to women linked to the plantation has also been identified as a useful way forward to support women.

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Box III.6. What happens to women employees when sectors upgrade technologically?

Services outsourcing in India

In India, the service sector receives roughly a third of all FDI inflows. With English as the first language and its favourable geographical location, a 24/7 service guarantee and low wage levels, India became a favoured location especially for outsourcing services from the United Services. For women, the opportunity to be formally employed seems desirable, with less discrimination, higher wages and training provided (Singh, Geetika and Gupta, 2011). In reality, however call centre employees may suffer from a high level of monitoring and surveillance, while enjoying minimal job discretion and low wages with little actual training (Holman, Batt and Holtgrewe, 2007).

Although in parts of India, night work for women was prohibited, economic pressure caused these restrictions to be eased, leading to some collisions between women’s social and family lives and employment. In the ICT sector, “female” skills have remained in continuous demand (Belt, Richardson and Webster, 2002, D’Mello, 2006), but to catch up with technological upgrading, employees have been confronted with increased job complexity, requiring improved skills, especially in the use of technology.

Despite significant exposure to foreign capital and a growing indigenous ICT sector, one can question whether the countries’ ICT industry might experience a decline in women’s employment – a cycle that some countries have experienced during industrial upgrading in manufacturing. This raises the question, is what happened in manufacturing through technological upgrading repeating itself in services?

In manufacturing, as capital intensity increases through investments in machinery and equipment, female employment rates has been shown to decline, including in plants with formerly higher levels of female employment (Ozler, 2000, Tejani and Milberg, 2010).

Further research is needed to examine the ongoing dynamics of women’s employment in the ICT sector and to better understand what could be done to ensure that women remain employed through the process of technological upgrading.

Source: UNCTAD.

Comparative data is also lacking on access to training and potential for skills upgrading, unionization or access to benefits.

There are additional constraints to measuring the employment effect on women of investment by TNCs. Those are related to the rise in the use of NEMs, especially subcontracting and outsourcing. Although the employment impact of TNCs through subcontracting and outsourcing activities can be significant, the jobs created can be sensitive to business cycles and highly volatile (UNCTAD, 2011c). Hence, where FDI (especially in labour-intensive industries) is supplemented by or replaced with networks of suppliers along the value chain, the conditions under which such employment is created need to be better understood.

When looking at informal employment by sector in the largest developing countries, the share of women in...
Informal employment tends to be large. For example, in Brazil, 48.6 per cent of women have an informal job in the manufacturing sector, as compared with 31.7 per cent of men. In India, the share of women with an informal job in the manufacturing sector reaches 94 per cent (ILO, 2012). Although the informal sector presents a number of disadvantages, working in it may be a choice women have to make because it offers the flexibility they need (in terms of working time, work location, seasonal patterns, etc.) to be able to combine paid work and home work and nurturing activities. It is often difficult for women to opt out of the informal sector.14

Despite the prevalence of women in developing countries’ informal sectors, little is known about the impact of TNCs (through their activities in host developing countries, or through trade and GVCs) on the employment of women in this sector. Much of this impact is likely to occur indirectly or through NEMs (Box III.7). Because women are overrepresented in the informal sector, openness to trade and FDI may harm these women due to relative wage decreases and worsening employment conditions (Arndt, Jones and Tarp, 2006, Cockburn et al., 2009). A good example can be found in GVCs in the garment industry. This industry has experienced rapid informalization and contracting out; it has a high concentration of women, many home-based workers and also many migrant workers. Cross-country research on the garment commodity chain points to the risks and vulnerability of workers at various points on the chain. Market volatility risks tend to be pushed further down the chain, and that means the informal workforce faces less job security and can experience lower working conditions.

In all developing countries, self-employment is typically important among women workers. While studies

**Box III.7. Women in the informal sector: employment through NEMs**

Informal employment makes up approximately 60 per cent of total employment in the world, disproportionately involving women (Tejani and Milberg, 2010, Wickand et al., 2010). Two-thirds of these workers can be considered to be poor. Most of informal labour exists in developing countries. In South Asia, the average percentage of informal labour in total employment is 82%, and India’s informal sector accounts for 84% (with 94% of the labourers being women). In Latin America informal employment accounts for only 45% of total employment (Singh, Geetika and Gupta, 2011).

Informal employment is hard to measure as it includes different modes of paid informal work (Ghosh, 2002, Howcroft and Richardson, 2008, Mooreand et al., 2008):

(a) Household work (paid domestic work)
(b) Home work (manufacturing or service work at home)
(c) Self-employment in small businesses (acting as a subcontractor without being subject to governmental regulation or tax)
(d) Informal paid labour (with a subcontractor or local small business)
(e) Informal paid labour in the formal sector (formal employment below wage standards)

For these types of occupations, the involvement of TNCs through FDI barely enters the picture, except in EPZs. Instead, women often enter into informal work through NEMs (Carr and Chen, 2002). TNCs in GVCs seek to enhance efficiency with every step, leading to upgrading of productivity in manufacturing as well as in services (Standing, 2006, Ward and Pyle, 1995). This may call for enhanced capital intensity, requiring higher skill levels, or it may involve increased use of NEMs for outsourcing and local subcontracting, which in some cases may lead to pay at less than standard or minimum wages, without appropriate or even any social protection, and with few regulatory control mechanisms (Howcroft and Richardson, 2008, Mitra, 2005, Singh, Geetika and Gupta, 2011).

Since women are less likely to be eligible for the higher-skilled jobs, conditions may compel them to enter the informal sector, and therefore become subject to job insecurity, low wages, lack of formal working conditions, lack of access to labour unions and lack of training or skills upgrading possibilities (Abramo and Valenzuela, 2005). For example, in India’s call centre industry, the level of performance monitoring is four times higher than in the informal sector, job discretion is significantly lower among local subcontractors compared with formal call centres, and wages are 18% lower on average (Holman, Batt and Holtgrewe, 2007).

Source: UNCTAD.
show that self-employment tends to decline as economies develop (Pietrobelli, Rabellotti and Aquilina, 2004), there is uncertainty as to whether women choose to work in this sector, whether they earn competitive incomes and obtain returns for their entrepreneurial skills, or whether they stay self-employed because they lack alternatives. Own-account workers are often in “vulnerable employment” – generating low incomes and having little or no social protection. With regard to TNCs, their activities may provide alternative employment for self-employed women15 (studies show that in East Asia, some assembly jobs offered by TNCs in the garments and electronic industries have been taken by women who left low-productivity self-employment on family farms), or the impact can be indirect (for instance, when women open shops near factories) and through value chain activities.

To conclude, there is evidence that investment by TNCs can have a positive effect in terms of access to both formal and informal employment for women in developing countries, with variation by industry and country. The literature has focused predominantly on employment creation by TNCs in the manufacturing sector. It shows potential risks regarding working conditions for women, the type of employment and job loss, if the investment is footloose, as well as risks associated with informal employment generation through value chain activities. More research is needed to understand better how women’s employment changes through the process of industrial upgrading, the role of investment by TNCs and women’s employment in the services sector, and importantly how TNCs impact women’s employment across the value chains or through NEM relationships, and in the informal sector, where employment conditions tend to be less favourable.

3. Employment quality

Overall, foreign affiliates tend to employ higher levels of skilled workers than domestic firms within a given industry, as well as across industries.16 This suggests that the incidence of higher skills and wages in foreign affiliates is not merely due to such activities being concentrated in a handful of relatively scale-intensive sectors. The general effect is that average skill intensity increases due to enlarged demand by foreign affiliates for higher skills in the host economy. As a result, the wage gap between higher- and lower-skilled employees is likely to rise. As inward FDI rises and technology spillovers occur in the domestic sector, the demand for skilled labour may increase further.

Many developing countries have segmented17 labour markets, where skilled labour is concentrated in the privileged sector of the economy. In developing countries, the segmentation of the labour structure reflects the dualism that characterizes their economic structures: the coexistence of a modern sector with relatively high productivity and a sluggish traditional sector with low productivity. By operating in modern sectors, TNCs may further contribute to labour-market segmentation, especially through value chain activities or NEM arrangements.

Segregation is a special case of segmentation (i.e. segmentation based on gender). As research has shown, women are more vulnerable than men, showing lower participation rates, and even when they enter the labour market they earn less and advance more slowly in their careers. A recent work on GVCs, economic upgrading and gender (Staritz and Reis, 2013) shows patterns of job segregation in different sectors, as indicated in Table III.3. Patterns of job segregation are observed and deeply rooted in global and local social constructs and perceptions of what is considered appropriate male and female work.

Generally, men are favoured for positions that require physical strength and technical know-how and skills; women are preferred for jobs that depend on finesses, dexterity, attention to detail, or social and caring competences. Furthermore, women are often preferred for flexible work arrangements, which are commonly explained as fitting the needs of women who require flexibility in their paid work schedule because of their reproductive responsibilities (Barrientos, 2001; Holman, Batt and Holtgrewe, 2007; van Staveren, 2007).

Patterns of segregation are difficult to identify across countries for subsectors, although some tasks seem...
to be gender dominated. The example of selected Asian countries shows that employment in the hotel, catering and tourism industry is dominated by women, with some variation in terms of the employment structure in selected subsectors. Men dominate in subsectors such as tourism-related transportation services or in areas such as engineering and security, while women tend to dominate in catering services, housekeeping and restaurants. There are also disparities in terms of the extent to which women can access senior technical and managerial roles in the sector (Baum, 2013: 59).

<table>
<thead>
<tr>
<th>Sector</th>
<th>Job segregation patterns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horticulture</td>
<td>Women are concentrated in the packing segment, where they generally work as wage labour, and in the production segment, where they work as unpaid family labour in smallholder operations. Few women participate as entrepreneurs, independently cultivating crops.</td>
</tr>
<tr>
<td>Tourism</td>
<td>Women are overrepresented in the accommodation and excursion segment. Within these segments they work mostly as low- to mid-skill employees in hotels (housekeeping, laundry, food and beverage, clerical work), as own-account workers or entrepreneurs, as artisan or retail vendors, and in family restaurants.</td>
</tr>
<tr>
<td>Call centres</td>
<td>Women are concentrated at the agent level, while employment in higher-value segments and management typically is male dominated. Few female entrepreneurs run their own call centres.</td>
</tr>
</tbody>
</table>

Source: UNCTAD, elaborated from Staritz and Reis, 2013.

Note: These patterns are general, not specific to employment generated through FDI per se, and may vary by country and with the level of economic development.

Occupational segregation can become problematic when it leaves women in lower-paying, low-skill positions and limits their upward mobility. The segregated nature of the tasks performed can limit the acquisition of transferable skills, meaning women remain in low-wage positions (Nicita and Razzaz, 2003; UNCTAD, 2012b). This is particularly true for women working in vulnerable employment.

To conclude, job segregation has a negative impact on gender development because it leaves women in lower-paying positions and provides them with limited upward mobility. There is no evidence that investment by TNCs worsens the process of segregation, but TNCs could play a role in reducing gender inequalities by introducing gender within their human resources strategies and CSR practices (see section IV).

D. Globalization, trade and FDI, and women empowerment

Studies have shown that while globalization may increase female employment and earnings in some countries, it may reduce them in others (Kucera and Millberg, 2000). However, increased employment does not necessarily amount to empowerment if exploitation and abuse occur (Elson, 1999; Fontana and Wood, 2000; Standing, 1999). For this reason, some studies go beyond measures of the wage gap and employment ratios, to empirically explore the causal relation between women's fundamental rights (mostly economic and social rights) and globalization.

The question investigated by those scholars is whether trade and FDI linking countries with higher standards to those that have lower standards trigger processes of diffusion from the high standard to the low standard. The results of these studies are encouraging:
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Analyzing women’s rights over the period 1981-2007 in a global sample and samples of countries at different stages of development, Neumayer and de Sosa (2011) found that in low-income countries, trade has a spillover effect and leads to a rise in economic and social rights for women. The authors also found limited evidence of a similar spillover effect by FDI on women’s economic and social rights in the case of middle-income countries.

Using data on 130 countries from 1982 to 2003, Richards and Gelleny (2007) found that trade liberalization is associated with higher status for women, defined as the extent to which women are able, in both an absolute and a relative sense, to exercise precise rights, codified in a large body of international human rights law, and to enjoy the objectives of those rights.

Using panel data from 150 countries over the 1981-2008 period, Cho (2011) finds that social globalization positively affects women’s economic and social rights. Thus, information flows – exchange of ideas or images – are beneficial to women’s rights, and personal contacts further enhance women’s empowerment.

To conclude, a few studies have found that globalization, through openness to trade and FDI, or social globalization can have a positive impact on women’s empowerment through the transfer of economic and social rights; the incentive to raise women’s rights is stronger where women’s rights are strong in major trading partners. There seems to be a similar impact by FDI but for middle-income countries. Given the close relationship between trade and FDI, it is likely that TNCs do play an active role in this process, in both low-income and middle-income countries, but further studies would be needed to uncover the extent and the means through which investment by TNCs impacts women’s rights in developing countries.

E. Investment by TNCs and impact on women: a potential sequence

The discussion in the previous section has demonstrated the potential impact that TNCs can have on women in developing countries. Impacts are not automatic, of course; they are complex, interdependent and may or may not result in a long-term positive outcome. One notable feature lies in the fact that gender-specific impacts (related to employment creation, income, skill development and career opportunities) – when also linked to social protection – can lead to women’s empowerment.

Figure III.3 shows a potential sequence of impacts following women’s employment generation linked to investment by TNCs. Initially, TNCs have an employment effect for women, for instance, in terms of jobs predominately occupied by women in services, in selected manufacturing jobs or in agricultural activities. TNCs tend to pay higher wages than local firms (though this is not always the case), which can be attributed to the fact that they are concentrated in high-productivity sectors and in sectors where technology and marketing-related intangibles provide greater value. An underlying assumption is that, even if subsequent impacts in terms of skills development and training do not take place, through access to employment and wages and when linked to social protection and welfare, the level of women’s empowerment rises.

Impacts will likely differ depending on a number of factors. The analysis above has demonstrated that two main categories of factors influence the impact of investment by TNCs namely, the heterogeneity of the firm and the characteristics of the country (and industries therein). These are explored in the following section.
III. THE IMPACT OF INVESTMENT BY TNCs ON GENDER ISSUES IN HOST ECONOMIES

Figure III.3 Investment by TNCs and impact on women: a potential sequence of impact

- **Hiring practices**
  - Women entering the labour market

- **Wages and incentives structures**
  - Rise in women’s equality in the workplace

- **Skills development and training**
  - Rise in women’s professional development

**Empowerment**
- Change in the workplace and society

**Social protection and welfare for women and their families**

Source: UNCTAD
### IV. WHAT ARE THE KEY DRIVERS AND DETERMINANTS AFFECTING TNCs’ IMPACT ON GENDER ISSUES?

#### A. TNC-specific factors affecting impact on gender issues

Human resource management and CSR are corporate and TNC-specific factors that, through their immediate and long-term impacts on the labour market, are likely to have a significant influence on gender issues. The following sections examine both factors and review actions taken by TNCs to promote gender diversity programmes.

1. **Human resource management**

   Human resource management and development refers to recruitment and employment policies, including the processes of training, developing and compensating personnel. These activities are gendered in many ways (Hearn, Metcalfe and Piekkari, 2006). In each of these activities, TNCs can have gender-related impacts. The pattern of human resource management by TNCs in a particular country is likely to depend on its corporate culture and its general strategy towards its foreign operations, mediated by industry and country-specific variables (Dunning and Lundan, 2008). The home country of the investing TNC is important to the extent that the corporate culture of the firm is in part imprinted with the norms and values that prevail in the home country. Home corporate culture includes employment practices, such as mechanisms for the hiring and promotion of women within the company, as well as established norms and standards regarding the employment of women in related suppliers, when TNCs act as buyers.

   Additional factors include the modality of the investment, the degree of subsidiary autonomy and the methods of coordination and control exercised by the TNC, as in the hotel and tourism industry, Baum (2013) finds that transnational hotel chains, which operate largely through NEMs, actively promulgate policies designed to support gender equality in employment, although their application varies with the country context. In Box IV.1, the case of one TNC shows how firms adapt to local contexts, and through NEMs can have a positive impact on women’s employment and development.

<table>
<thead>
<tr>
<th>Box IV.1. Developing business skills: the case of Tupperware in India</th>
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<td>The availability of a qualified female workforce and the additional motivation of being provided a formal workplace environment are some of the reasons why Tupperware has been able to expand successfully in India. At first, the women receive small financial support, together with training and coaching to start their own business in selling Tupperware products to their direct network of family and friends from their home. In India, the sales force is 100% women. Tupperware profits from a workforce that through social network, can penetrate low- or middle-income customers in small towns despite the country’s weak retail infrastructure. Women who would otherwise be unavailable to the job market are able to start an enterprise, because they work on a commission basis and have to buy the exhibits they use for their everyday work. A full time sales person in India earns an income that equals the salary of a teacher or a nurse. In other Asian countries like Indonesia, the situation is even better, with the possibility of earning four times more than an average school teacher. Some argue that Tupperware is simply capitalizing on gender stereotypes, particularly because 75% of senior managers within Tupperware are men. Yet, the company provides women an opportunity to enter the formal job market, and prepares them to gain business skills to overcome the potential threats of gender inequality in the workplace. It remains unclear, however, what these women do if/when they leave the company, and how the acquired skills enables them to access employment elsewhere.</td>
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</table>

*Source: Vincent (2003); Singh and Aggarwal (2012).*
Overall, little is known about gender strategies by TNCs, in both home and host countries. In terms of employment practices, many TNCs have recognized the value of women and have set up systems to increase the number of female workers. Some TNCs are paying a premium price to hiring agencies that scout female talent; other TNCs are incentivizing employees with higher cash rewards, promotions and other perks if they refer a woman candidate for job postings internally. This is happening particularly in companies operating in sectors such as IT, banking and advertising. Despite these strategies and the recognized managerial skills that women possess (see for instance a number of studies conducted across a large number of firms by McKinsey), few women rise to higher levels in organizations. Overall, women’s representation on the boards of the largest TNCs is small.

The promotion of women’s employment across all levels of work can be beneficial for companies, given that there are skills that women apply comparatively more than men for both low- and high-skill jobs (Figure IV.1). This could be achieved through the promotion of gender diversity programmes.

In host economies, TNCs impact women’s employment and development notably through access to employment (in some countries, hiring women can support the competitiveness of foreign TNCs; see Box IV.3), as well as wages, training and other benefits, or by providing role models, such as with the presence of women expatriate managers.

In terms of wages paid to women, the compensation practices of TNCs may incorporate policies of equality of opportunity and equality of treatment, which may not be present in domestic firms. It is also possible that employment in TNCs offers opportunities for the development of skills and career opportunities that are not available in the local labour market.
In addition, employment in transnational enterprises may involve other benefits such as health care provision and educational services that may be available to a greater extent or at a higher quality than is available in local firms or in the informal sector. This has a direct impact on the well-being of women and children. A good case in point are the programmes run by predominantly foreign firms in Lesotho’s export sector. Women working in apparel factories there have access to workplace health programmes that are innovative in the local context, that provide free HIV care and treatment in a context in which the spread of HIV and AIDS has had a disproportionate impact on women (UNCTAD, 2012b).

The presence of women expatriate managers, as well as the career achievements of locally hired women may exert a role model influence for women employed in TNCs and more widely in the host economy. Relatively little attention has been given to women expatriates – partly because expatriates have traditionally tended to be men. It is only in recent years that there has been a significant increase in the number and visibility of women in international assignments (Altman and Shortland, 2008). The number of women who pursue expatriate assignments remains at a disproportionately low level (Varma, Stroh and Schmitt, 2001; Cole and McNulty, 2011), and it is rising.

**2. Corporate social responsibility**

TNCs’ CSR practices can be a valuable tool to create gender equality in the workplace in developing countries.

CSR is predicated on the idea that business does not solely have a financial purpose (Bondy, Moon and Matten, 2012) and the breadth and importance of CSR programmes can vary, especially in developing country contexts. With the expanding role of the private sector in national and global governance systems, the issue of corporate accountability on social issues (including gender-related issues) has become increasingly important (Grosser and Moon, 2005). TNCs engage in a number of CSR initiatives, investing resources to raise their benefit to economic, social and environmental matters across developing countries. In typical north-south investment, there is some reason to believe that the standards of CSR are higher than the local prevailing standards (Kolk and Van Tulder, 2004; van Tulder and Kolk, 2001).

How can CSR have an impact on gender issues? There are three key mechanisms through which TNCs can enhance the positive gender impact of their CSR practices. Gender considerations can be given to TNC activities with regard to (1) employees and supply chains, (2) customers, and (3) the community and
society. CSR gender practices span educational efforts towards women; gender-focused health, safety and environmental themes; as well as the promotion of inclusiveness for women and of women’s equality, both within the TNC (as part of its HR strategy, as discussed in the previous section), and among suppliers and customers. Suppliers and customers of TNCs can share best practices, and with concerted efforts to promote women in the workplace, local firms subsequently contribute to change in the work environment.

Many TNCs focus on women as part of their CSR programmes, but research is needed to assess current practices with regard to gender by TNCs, and better understand their beneficial outcomes and limitations. Among CSR performance measures (which usually include environmental, labour and community dimensions), a frequently used labour measure is the percentage of women in management positions (non-secretarial and non-administrative), but this remains insufficient to fully grasp current CSR practices related to gender.

A number of factors can be considered, especially with business partners. Well-designed supply chains are powerful tools for creating economic and social value, including a wider impact on women in countries where TNCs operate or where their business partners are located. For instance, contractual obligations relating to gender issues can be incorporated into supply agreements as part of the CSR activities of the TNC. The monitoring and enforcement of such provisions also needs to be considered. Additional practices that can be established relate to microfinance programmes targeting women, especially those that enhance women’s empowerment and socioeconomic status.

**Box IV.4. Examples of private financing and women empowerment in developing countries**

Many international and non-governmental organizations are promoting the ‘smart economics’ of investing in women and girls. The economic benefits of investing in women include increased productivity and efficiency, and the improved positioning of the next generation. The inclusion and empowerment of women is no longer seen only as the right thing to do, but also as a way for investors to achieve high returns while also supporting global development.

As a result, funding for women’s empowerment has begun to flow from sources other than traditional international development organizations, governments and the human rights community. Increased recognition of the financial returns that result from investing in gender-focused development has opened the doors for corporate partnerships for development. Many corporations have joined in the fight for women’s empowerment, and set the stage for further contribution from the private sector.

In Bangladesh, for example, City Bank Ltd. used its CSR fund to contribute to the establishment of training centres to help women build capacity. Such efforts have been recognized as both a way to improve women’s daily lives and reduce poverty, and a way to eventually change lives in society.

In 2008, Goldman Sachs launched the 10,000 Women Initiative for business skills and management training of 10,000 women entrepreneurs in developing economies. Committing $100 million in funding for a five-year period, Goldman Sachs partnered with numerous institutions to provide locally relevant training for individual women and their small and medium-size enterprises.

Launching its 5by20 Initiative in 2010, Coca-Cola has pledged to provide economic empowerment for 5 million women entrepreneurs in its GVC by 2020. Partnering with governments, international organizations and non-governmental organizations, Coca-Cola had reached 300,000 women at the end of 2012. Focusing on four of its key markets during its first phase (Brazil, South Africa, the Philippines and India), Coca-Cola seeks to educate women to improve and empower their businesses, and to expand their own value chain. The second phase includes a focus on China, Mexico, Nigeria, Kenya, Uganda, Haiti and Egypt, in hopes of empowering and expanding these markets as well.

Hence, while support from traditional sectors continues, the financial resources of the global private sector may be just what are needed to narrow the gender gap further. The question remains, how to mobilize and implement them sustainably and successfully.

Source: UNCTAD.25
3. Summary and suggestions

A number of TNCs already strive to integrate equality aspects in their human resource management and CSR practices. Depending on home practices, TNCs can have an influence on gender issues in developing countries, particularly if they apply corporate policies that support women both in recruitment and in training, development and compensation. Figure IV.2 suggests a number of core concepts that TNCs can adopt to encourage women’s empowerment in both home and host countries. Often these efforts may need to be adapted to individual country contexts, as the ability to implement them is also influenced by external actors (national and supra-national political institutions, civil society movements and organized labour).

![Figure IV.2. Suggestions for TNCs to build, foster and encourage gender equality and women's empowerment in home and host countries](source)

Thus, through their corporate practices, TNCs can apply a number of measures to raise their beneficial impact on gender issues in home and host countries. Further research could help understand these practices and their effectiveness. Data is needed on gender-related practices of TNCs, through their investment and NEMs and upon their business partners, especially in developing countries, to fully evaluate the role of these corporations in gender issues. Importantly, there is little known of how TNCs might influence practices by suppliers along the value chain, especially with regard to second- or third-tier suppliers. To enhance the gender-related impact of TNCs, capacity-building programmes and awareness creation could help. These may be developed not just by TNCs, but also with the support of local governments, and international organizations could play a substantial role in such capacity-building processes.

B. Host country/region-specific factors and impact on gender issues

1. A number of factors within host countries matter

TNCs’ investment and activities promote economic growth, but such growth on its own is not always sufficient to promote gender equality. Focusing on economic growth generally, the literature shows that the outcome of growth for women is more positive where it is accompanied by an expansion in women’s
Investment by TNCs and Gender: Preliminary Assessment and Way Forward

Employment and education (Kabeer, 2012, 2013). Public actions, social institutions and cultural norms (such as gender roles and early marriage) influence access to education for girls, as well as the ability of women to work. For instance, even though women are well educated in a number of countries, other factors may explain why a rise in women’s educational attainment may not be followed by a rise in their participation in the workplace.

Many countries have made significant progress towards gender equality in education, but women continue to earn less than men, are less likely to make it to the top of the career ladder and are more likely to spend their final years in poverty. Gender differences and inequalities often result from differences in access to productive inputs and resources (such as land, credit, training and networks), and differences in time use (particularly in terms of women’s primary responsibility for reproductive or caring work). It is true that both men and women may experience constraints in accessing resources, but constraints are gender-intensified because of existing gender inequalities (Staritz and Reis, 2013, Kabeer, 2013).

Gender differences and inequalities are strongly linked to institutional constructs of host economies, with formal laws, policies and regulations on the one hand, and cultural norms, values and practices (including customary law) on the other. Even when legislation does promote equality in women’s legal capacity and access to economic resources, there may be obstacles in terms of women’s awareness and understanding of their legal rights, and in terms of their ability to exercise their rights, particularly if local sociocultural barriers limit women’s ability to engage in economic activities.

Illustrations of how the law affects women’s economic opportunities, such as access to the labour market, and the types of jobs that a woman can hold appear in Table IV.1. The table provides a list of selected indicators of laws that affect women’s employment. Globally, one-tenth of countries have legal restrictions that prevent a woman from getting a job or pursuing a trade or profession in the same way as a man; less than half of countries have legal mandates for equal remuneration between men and women for work of equal value; and less than half of countries have no gender-specific job restrictions.

Thus, country-specific characteristics must be taken into consideration when assessing the gender impact of firms’ activities. Within a country context, related factors that can also have an influence on the impact of TNC’s investment on gender pertain to education and skills upgrading, employment conditions, and

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<th>Table IV.1. Selected indicators of gender differences in the Law, 2013, by region, percentages</th>
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<td>Other Africa</td>
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<td>South-East Asia and the Pacific</td>
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<td>Latin America and the Caribbean</td>
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<td>Transition economies</td>
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Notes: Figures represent percentage of countries, by regions, that have no gender differences in the law, and for which the answer for the country was yes to the question. The questions reported in the table were (a) “Can a married woman get a job or pursue a trade or profession in the same way as a man?”, (b) “Does the law mandate equal remuneration for men and women for work of equal value?”, and (c) “Can non-pregnant and non-nursing women do the same jobs as men?”
entrepreneurship. For this reason, work undertaken at UNCTAD not only takes an entrepreneurship, trade or technological angle, but also includes country-specific investigations (see Box IV.5). The following subsections, therefore, focus on these factors.

2. Focus on education and skills upgrading

Women’s education matters to enhance the potential benefit of TNC investment not only in terms of raising the skills of potential women employees, but also in terms of raising the potential for local firms to learn. The absorptive capacity of local firms has been found to be a primary factor influencing the extent of linkages and spillovers in the host economy.

**Box IV.5. Selected work by UNCTAD on gender**

(1) **Women's Entrepreneurship:** Results from a recent study published by UNCTAD show differences in motivations and attitudes of male and female managers of small businesses towards entrepreneurship and innovation. Country case studies show that entrepreneurs in developing countries face numerous resource and capacity deficits compared with those in developed countries, and yet women entrepreneurs are generally more interested in receiving training and education to improve their business knowledge. Women’s entrepreneurial motivations tend to be based upon the desire to fulfill a dream or passion, or achieve greater independence, and often with the ultimate goal of addressing social needs in their communities. Historical and cultural processes in a number of countries have kept women out of the business arena and limited their access to capital, to capacity-building and to communication technology. The report suggests a number of recommendations to facilitate access to entrepreneurship for women in three key policy areas: (i) fostering innovation through increased training and investment, (ii) promoting access to new markets and communication technologies and (iii) introducing new mechanisms for women’s empowerment.

(2) **A Gender Perspective on Trade:** Through a number of country-specific case studies in Bhutan, Angola, Cape Verde, Lesotho and The Gambia, UNCTAD has demonstrated the multidimensional relationships between trade’s effect on gender issues, and gender’s effect on trade policies. Consumption patterns, income levels and revenues all depend on a nation’s trade policies, while culturally entrenched gender roles and inequalities play a role in shaping and attracting future trade and production developments. In Lesotho, for example, an increase in apparel exports through preferential trade policies with the United States has catalysed the creation of jobs for the female workforce over the past 30 years. However, job creation tends to be in unskilled and low-paid positions, with little hope for future education or promotion, and a risk of inequitable conditions. In Angola, an economy heavily dominated by oil, there is only limited opportunity for creation and diversification of jobs for women. High food prices in Cape Verde, a result of high import tariffs and the volatile international food market, mean that the poor must spend most of their income on food to survive, especially in female-headed households. This series of UNCTAD reports shows that trade policies affect and are effectuated by new and existing systems of gender inequality, and that the gender dimension must be applied to macroeconomic policies for development and women’s empowerment.

(3) **A Gender Lens to Science, Technology and Innovation:** As science, technology and innovation (STI) continue to gain focus as ways to reach development and climate change goals, women must become more integrated in such processes, especially in the developing world. UNCTAD’s report shows that as they can play a major role in the agriculture, energy, water, and transport sectors, women depend heavily on technology to maintain their livelihoods, but they are rarely considered in technology’s development or application strategies. Integrating the gender perspective throughout the process of STI policy design, development, and implementation could radically change labour activities and income generation for women. Drip irrigation, for example, has reduced both the time and the heavy labour necessary for farming, allowing women more time to focus on family, income generation, business skills and independence. STI policies, along with entrepreneurship and trade policies, must be considered with specific needs and contexts in mind.

Sources: (1) UNCTAD (2013a). A survey on women’s entrepreneurship and innovation.
(2) UNCTAD (2012a). Trade policies and gender inequalities: A country-based analysis.
(3) UNCTAD (2011). Applying a gender lens to science, technology and innovation.
UNCTAD Current Studies on Science, Technology and Innovation No. 5.
Education is an important means to improve the position of women in the labour market, but it also matters because of the role women play to ensure better development outcomes (UNDESA, 2009). Higher levels of educational attainment by women are associated with better outcomes in terms of FDI and growth (Barro and Lee, 2012; Schultz, 2002). Gender equality in education can also be a stimulus to economic growth. However, the relationship between growth, technological change, and women’s education and empowerment is complex. Gender equality in education is not always linked to a rise in women participation in the labour force, and if it is not accompanied by a rise in wages, economic growth may not stimulate gender equality (for useful studies on gender equality and economic growth, see Doepke, Tertilt and Voena, 2011, UNDP, 2012, Eastin and Prakash, 2013, Kabeer and Natali, 2013, Seguino, 2000, 2013).

Most countries around the world have made substantial progress towards the provision of primary education for girls; the situation in secondary and higher education is much more mixed (World Bank, 2012). A recent report published by UNDP demonstrates, however, that despite the closing gap in education globally, gender gaps in employment persist, and job segregation has worsened (UNDP, 2013). Because of the gender segmentation of the labour market and sociocultural institutions, young women have more difficulty in finding suitable work than young men. Women are more likely to find themselves in vulnerable employment and tend to earn lower wages. This is in part the result of women’s choices, though sometimes these too are circumscribed. For instance, women are underrepresented in certain areas (such as in the business sector) often as a result of the educational choices they have available to them, which reinforces existing gender segregation.

Education matters not only in the early stage of life, but also when women participate in the labour market. In addition to formal education, training programmes can help in promoting girls’ and boys’ transition from school to work, especially when tailored to local socioeconomic conditions. Successful training programmes include (World Bank, 2012) life skills trainings (leadership, management of income and budgets, employee rights), employability skills training (interpersonal and other basic job skills, particularly those identified as constraints for young women), and basic business skills training (development of a business plan, financial management, and marketing). Other initiatives to promote the school-to-work transition include job placement support, providing access to microcredit and/or savings accounts, and small-group learning.

3. Focus on employment conditions

The transition from education to paid work is a crucial moment which lays the foundation for many gender inequalities: women experience more difficulty than men in finding a job, earn less and are more likely to work part-time. In developing countries, when women do enter the labour market, there is a chance they will be confined to the most vulnerable jobs, frequently in the informal sector. To slow this process a number

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**Box IV.6. The World Bank Youth Employment Inventory**

The World Bank Youth Employment Inventory shows that of 291 programmes in 84 countries only 15% actively promote the inclusion of young women. The Adolescent Girls Initiative (AGI) promoted by the World Bank is currently implemented in seven countries: Afghanistan, Jordan, the Lao People’s Democratic Republic, Liberia, Nepal, Rwanda and South Sudan.

This initiative is a public-private partnership and programmes are tailored to the local context (World Bank, 2010b). The AGI does not focus on low-paid stereotype trades (e.g. flower-arranging or sewing - Levine et al., 2009), but instead on making non stereotypical trades attractive to women (e.g. electricians, masons, and mobile phone repair technicians). In some countries support programmes include: improvement of child care and transport services, placement and counselling services, financial incentives to recruit young women, job vouchers to incentivize firms to hire new graduates with no experience, or awareness campaigns to reach poorer, less educated and more vulnerable girls.

All AGI-programmes are piloted and scaled up only if they have been found to be effective upon evaluation.

of countries are considering their labour policies and also setting up work-family policies that cut across four areas of intervention: family leave, childcare assistance, the taxation system and equality at work.\textsuperscript{32} Generally, there remains substantial cross-national variation in the provision of family-friendly policies.\textsuperscript{33} Such actions help women’s employment in TNCs and their local business partners.

Looking at developing countries, a specific case where countries can enhance the positive impact of TNCs on gender issues is by developing gender-friendly legislation for EPZs (see Box IV.7). Host countries tend to apply the same labour laws in EPZs as in the rest of the country, but there exist exceptions where special labour codes provide more flexibility to EPZ-based companies. Concerns raised include, for instance, long working hours in EPZs, sometimes in excess of the legal limits (Milberg and Amengual, 2008: 34) which can result from rigid shipping deadlines and overseas seasonal demand peaks. Despite such concerns, EPZs generate employment particularly for women, some of whom subsequently leave to work in other industries.

\begin{tcolorbox}[boxrule=0.5mm,boxsep=0pt,arc=1mm,boxbackground=blue!10]
\textbf{Box IV.7. Key facts: women and EPZs}

The ILO estimates that there are about 3,500 EPZs throughout the world operating in about 130 countries and territories, employing over 66 million people. The workforce of the export processing sector as a whole is even larger, since it includes those employed by enterprises that may be outside EPZs.

Women are typically the majority of workers in the enterprises in EPZs, and in some regions and types of work, may be close to 100\% of the workforce. The ILO suggests that workers in EPZs generally do not enjoy the union rights and other types of employment protection as a result of one or more of the following:

1. Gaps in domestic law, often as a result of EPZs being excluded from full coverage of labour laws;
2. Failure by the state to protect trade union rights;
3. Employer practices in EPZs in a country; and
4. Gender stereotypes and negative cultural attitudes towards women, serving as barriers to women’s participation in unions.

\textit{Source: ILO (2013) Freedom of Association for Women Workers in EPZs, Geneva.}

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\section*{4. Focus on entrepreneurship}

Despite women’s increased participation in the labour market over the past half-century, they remain substantially underrepresented as entrepreneurs. Because entrepreneurship matters in developing countries for job creation, innovation and growth, fostering entrepreneurship is a key policy goal for governments across the world. The role of women can be significant in some cases; for instance, in El Salvador, 80 per cent of women’s jobs are created in enterprises that are owned by women.\textsuperscript{34} Promoting women entrepreneurs can therefore raise the level of women’s employment, increase local absorptive capacity and add to the pool of potential suppliers for TNCs in host economies. In addition, given that part of the entrepreneurial activities in developing countries continues to take place outside the formal sector, promoting entrepreneurship and supporting women entrepreneurs to transition from the informal to the formal sector is key in order to improve the impacts of investment by TNCs. This explains why in some countries, local economic development agencies actively promote women’s entrepreneurship.

Governments increasingly recognize the importance of promoting entrepreneurship and women’s entrepreneurship specifically. A range of key policy areas have a direct impact on entrepreneurship. They are outlined in UNCTAD’s Entrepreneurship Policy Framework and Implementation Guidance (http://www.unctad.org/epf) and include the regulatory environment, entrepreneurship education and skills, technology transfer and innovation, access to finance, awareness and networking.
Women often face greater challenges and barriers in each of these areas. For instance, women are less likely than men to borrow money to finance their business. This is because women may face discrimination and can be charged higher interest rates and asked for more guarantees, as they often have shorter credit histories, less operating capacity and less collateral. In a number of countries, the gap is narrowed by an array of microcredit and other financing arrangements targeted specifically at women and often administered by international agencies or non-governmental organizations. To help women overcome some of these barriers, UNCTAD has also targeted technical assistance programmes for women entrepreneurship through its global network of Empretec entrepreneurship development centres.

C. Final remarks

A number of conclusions can be drawn from the preliminary assessment conducted in this report. TNCs through their investment have an important role to play in economic development, and yet, there remains uncertainty vis-à-vis the scale and importance of the role played by investment of TNCs (particularly in the context of outsourcing and subcontracting, the international mobility of capital, and the process of technological upgrading of countries) on gender development. Further research is needed, for instance, to better understand the opportunities and challenges for women who are forced out of low-skilled formal employment but might start their own businesses as entrepreneurs, or to identify the gender-specific spillovers arising from employment in TNCs or local contract employment.

Despite these shortfalls, summarizing the findings from the studies examined in this report, it can be said that, with regard to gender, TNCs do have a double role. On the one hand, TNCs have been shown to create employment for women, opening up avenues towards empowerment. They may contribute to the emergence of norms in the host country (for instance, when higher standards from the home country are transferred to the host developing country). There are indications that women employees fare better when they are directly employed within TNCs themselves.

On the other hand, the competitiveness of sectors in which TNCs operate can be based on disadvantages of women in the labour market, with risks in the case of footloose investment, or risks pertaining to jobs in firms contracted through outsourcing and subcontracting, especially further down the value chain. The risks include low-wage employment, poor working conditions, limited access to skills and training, job instability, or risks associated with informal employment. In addition, there is a risk that women may lose out when sectors upgrade technologically.

These risks suggest that a critical question is how to improve gender outcomes within the wider context of GVCs, not just FDI and TNCs.

What appears to be clear is that governments have some important levers they can pull to empower women economically. Among these levers, the level of educational attainment for women, labour-market policies, social protection policies and the entrepreneurship promotion system in place are of great relevance. Hence, within national policy frameworks, a coordinated approach should be taken to maximize the potential benefits that can arise from TNC activities in host developing countries.

Regarding investment by TNCs, the results of this report suggest that TNCs can potentially have a significant impact on gender. This indicates a need to (1) better understand how FDI policies influence the gender impact of TNCs, and (2) incorporate gender perspectives into overall FDI policy design and implementation.

Increasingly, TNCs strive to integrate equality aspects in corporate policies that support women both in the recruitment stage and in the process of training, development and compensation. However, these practices are not only determined by efficiency considerations within the company but are also influenced by the external environment, with sociocultural factors playing an important role. The next section develops policy implications for governments and areas for action for TNCs.
V. PRELIMINARY POLICY IMPLICATIONS AND ISSUE AREAS FOR TNCs

A. Preliminary policy implications

As shown in earlier parts of this report, investment by TNCs can generate economic benefits for women in developing countries, particularly in terms of employment-related benefits, but it can also involve risks. Against this background, this section puts forward a set of preliminary policy recommendations, which will be refined once further studies are conducted. These recommendations focus on facilitating and raising the level of women’s employment generated by TNCs, including employment of women in TNCs’ value chains.

Based on the analysis presented in this report, three key policy interventions are identified. Governments need to adopt a strategy towards gender development (as one of the pillars of the sustainable development goals), embed it within the overall national development strategy, and consider coherence and complementarity of policies on a national level, ranging from education, labour, health and infrastructure to entrepreneurship, as well as trade and investment. Governments also need to consider harnessing investment for gender development. To achieve this, a number of actions can be taken to promote women’s employment in TNCs and promote gender-friendly TNC value chains. Finally, governments should give particular attention to women’s employment generated in labour-intensive export-oriented sectors and sectors with high physical mobility of capital. Incorporating gender in investment policies for these sectors would benefit from international initiatives, including stronger cooperation.

1) Adopt a strategy towards gender issues, and ensure the coherence and complementarity of policies on a national level.

1.1 Strategy towards gender development: Governments need to adopt a strategy towards gender development (as one of the pillars of the sustainable development goals) and embed it within the overall national development strategy (this will also contribute to raising awareness on gender issues). Initially, it is necessary to devise measures and gather relevant data on gender (e.g. gathering data to assess and monitor the role of women in business or the impact of investment on women). This will provide the basis for the development of targeted policies within sectors or activities.

1.2 Coherence and complementarity of policies: FDI and TNC policies interact with a number of other domestic policies, and for this reason, there is a need for coherence and complementarity of policies on a national level. Key challenges include (1) encouraging women’s participation in the labour force, (2) making sure that employment participation is secured through the process of economic development and when industries become more dynamic and technologically advanced, and (3) addressing the key challenges related to women’s empowerment (including health, safety and well-being) and facilitating access for women to higher value added tasks. Thus, maximizing the benefits of investment by TNCs for women means coherence and complementarity among a host of policy areas ranging from education, labour, health and infrastructure to entrepreneurship, as well as trade and investment. This range of policies needs to be developed with a gender-sensitive approach, in a coherent, coordinated approach so as to ensure development goals related to women are achieved.

1.3 Links between relevant stakeholders: Policy coherence and complementarity also requires linking relevant stakeholders. The Ministry of Women, when it exists, often operates in a silo. Some coordination between ministries will help in the promotion of sectors that are favourable to women’s employment and in the application of gender-sensitive policies (e.g. the Ministry of Women and/or Ministry of Labour to work with the departments of Trade and Investment).
Different policy measures related to FDI, TNCs and their activities, as well as other areas provide entry points to mainstreaming gender issues in international investment. For a list of suggested questions that could guide mainstreaming into investment policies, see Table V.1.

### Table V.1. Some suggestions to mainstream gender into investment-related policies

<table>
<thead>
<tr>
<th>Selected policy considerations facilitating women’s employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Does the country have a range of policies in place to address gender-based inequalities?</td>
</tr>
<tr>
<td>• Are there established guidelines and tools for gender mainstreaming? (e.g. the provision of statistics on the participation of women in the labour market, the provision of data to enhance gender impact assessment and improve the evaluation of public policy with regard to gender, and plans for the reporting of measurable progress on targets)</td>
</tr>
<tr>
<td>• Do girls/women have equal access to education and training?</td>
</tr>
<tr>
<td>• Does the country comply with the International Labour Organization standards in relation to women employees?</td>
</tr>
<tr>
<td>• Does the labour law ensure equal conditions for men and women (e.g. equal pay, working hours, vacation days, severance practices, representation in workers unions, right to associate)?</td>
</tr>
<tr>
<td>• Are there policies that facilitate women’s participation in the labour market? (e.g. adequate transportation, provision of childcare facilities, access to information regarding job/business opportunities)</td>
</tr>
<tr>
<td>• Does the country have policies with regard to employment in the informal sector?</td>
</tr>
<tr>
<td>• Does the country have rules on the appointment of women to boards of directors?</td>
</tr>
<tr>
<td>• Are there any incentives towards employment of women in higher-skilled positions within companies?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selected policy considerations with regard to investment and gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Does the country assess the potential impact of FDI in specific industries with regard to employment by gender? (e.g. collection of gender-disaggregated employment data in TNCs, or assessment of impact in case of companies ceasing activities)</td>
</tr>
<tr>
<td>• Are there industry-specific investment regulations pertaining to gender? (e.g. within agriculture, are women and marginalized groups consulted regarding potential investment projects?)</td>
</tr>
<tr>
<td>• Has the country considered providing incentives for the provision of on-the-job and off-the-job gender-friendly training by TNCs or related businesses?</td>
</tr>
<tr>
<td>• Does the country promote investment by socially responsible TNCs?</td>
</tr>
<tr>
<td>• Does the country promote the implementation of CSR practices by TNCs?</td>
</tr>
<tr>
<td>• Does the country have measures in place that support women’s entrepreneurship? (e.g. equal access to finance, land, training/education, awareness and networking, support for women’s business associations)</td>
</tr>
<tr>
<td>• Do the services offered by investment promotion agencies in relation to supplier development also benefit women-owned enterprises?</td>
</tr>
<tr>
<td>• Does the country’s strategy for engaging in international investment agreements consider gender-related issues?</td>
</tr>
</tbody>
</table>

Source: UNCTAD.

2) Harnessing investment for gender development. Through the implementation of targeted policies, governments can promote the positive benefits to be derived from TNC activities by facilitating their employment of women, as well as promoting gender-inclusive value chains, including supporting women’s entrepreneurship, local suppliers development programmes, and TNC practices that favour gender development in local business partners.

2.1 Facilitate women’s employment by TNCs: Government can enhance the opportunities for women employees presented by TNC activities through a number of policies.

Provide infrastructure and social protection to enable women to work for TNCs: The role of physical and human infrastructure is crucial in maximizing the impact of investment for women. Infrastructure and
social protection mechanisms that facilitate the participation of women in the labour market include (1) transport infrastructure to ease access to the workplace, (2) reproductive rights (including maternity and paternity leave), and (3) social protection for both women and children (including health care and childcare).

**Prepare women for working in TNCs:** This could be done by focusing on access to education, training and skills development for women. A dynamic perspective should be considered. Although a large pool of low-skilled cheap labour can be attractive to certain types of investment, the long-term development potential lies in access to higher value added types of investment. Thus, investing in training and upgrading the female labour force is a preferable option.

**Protect women at work:** In terms of education and labour, governments should ensure that minimum labour standards and working conditions in line with the ILO conventions apply to all workers, and that vulnerable workers are sufficiently protected.

**Promote women career development:** Governments and firms need to devise ways to (1) facilitate women’s access to higher-skilled employment, and when appropriate (2) actively look for the next generation of investment where the skills can be utilized. Otherwise, women run the risk of remaining in low-skilled employment or shifting out of formal employment. Hence, governments can encourage, foster, and follow-up on the skill development and empowerment of women that can be achieved through participation in the formal labour market. TNCs could receive incentives to provide gender-sensitive training for staff. Governments may encourage firms to appoint a special ombudsman (or ombudswoman) to oversee issues of gender equality in the workplace. This may be complemented with voluntary and mandatory quotas for women’s participation on the board of companies.

2.2 **Promote gender-inclusive TNC value chains:**

**Promote women entrepreneurs:** Regarding domestic investment, encouraging and supporting female entrepreneurship offers opportunities for women to join the formal labour market and to accumulate skills (UNCTAD, 2013a; Kelley et al., 2010). Different forms of microfinancing and cooperatives can be part of business models in the ‘bottom of the pyramid’. Women can be encouraged to consider entrepreneurship as an alternative to salaried employment, not only in response to the availability of opportunities in the marketplace, but also as a way to overcome a lack of opportunity in the local labour market.

**Foster local procurement and linkages:** Procurement and linkages programmes can be made more sensitive to any gender-related biases to improve the possibilities of female-owned small and medium-size enterprises gaining access to broader markets. Measures that governments could consider include the provision to TNCs of information on women-owned suppliers, direct intermediation between women-owned suppliers and TNCs to close information gaps, or incentives to TNCs to assist in upgrading local women-owned suppliers.

**Facilitate TNCs’ practices that favour gender development:** In terms of corporate self-regulation, investing TNCs should be encouraged to implement equal opportunities employment policies in a locally acceptable manner. Additional considerations can be given to CSR practices of TNCs, such as those pertaining to gender working conditions in local suppliers. A social dialogue between TNCs, their NEM partners or suppliers, and trade unions can facilitate equal opportunity by promoting and promulgating talent identification and development on the basis of transparent access for women and men.

3) **Focus on labour-intensive export-oriented sectors and FDI in footloose industries.**

Governments need to think in terms of FDI impacts on gender issues with regard to export-oriented sectors, and consider the life cycle of each investment, with particular attention to footloose investment. Governments may consider assessing the gender-related impact of activities of TNCs, including the employment impacts for both men and women in pre- and post-establishment phases of investment by TNCs.
First, as EPZs are often used as a tool to attract TNCs, they can act as role models in terms of gender-related policies to both facilitate impacts on women by TNCs and create a conducive working environment (Box V.1). Second, to minimize the risks linked to women’s employment in these sectors, governments could also give consideration to post-establishment activities of TNCs and/or the impact on women employees when TNCs relocate, assessing the potential for women employees to continuously upgrade their skills and remain competitive through successive technological industry upgrading.

### Box V.1. How can women’s empowerment be strengthened in SEZs/EPZs?

SEZ regulators and operators can support women through initiatives such as the following:

1. Supporting local women-owned enterprises through business linkages to SEZ tenants;
2. Providing non-fiscal incentives to women-owned tenants to locate in the SEZ – e.g. the operator sets aside office space for women’s startup;
3. Linking women-owned tenants with foreign companies that have a policy of buying from women-owned entities;
4. Developing operators and tenant charters and standard operating procedures that meet minimum gender requirements, e.g. relating to worker housing, transport, human resources policies and grievance procedures;
5. Employing specialist gender advisers;
6. Providing crèche, healthcare and banking services within the SEZ, as well as training programmes to: (i) upgrade women’s skills in a range of occupations, and (ii) provide basic entry-level skills to the female labour force.

**Source:** Based on an excerpt from Box 7.3 p. 188, in Simavi, Manuel and Blackden (2010) IBRD, World Bank Module 7.

Finally, for developing countries that aim to attract investment that has a significant impact on women’s employment, it may be necessary to make sure that countries ensure that the local environment is conducive to equal employment opportunities and that TNCs abide by national labour standards. This is particularly important in countries that have a comparative advantage in low-wage production (which attracts FDI in export-oriented industries), because many countries, often within the same region, possess similar advantages. In particular, countries should avoid a “race to the bottom”, which may have negative consequences for workers whose wages remain low, and increase the possibility of poor labour and environmental standards. A coordinated approach could avoid situations in which countries compete on incentives to attract FDI in labour-intensive export industries, for which international competition is very high.

### B. Set of issue areas on gender and investment for TNCs

UNCTAD has developed a set of issue areas to guide TNCs in their inclusion of gender concerns in business models. These issues need to be addressed by TNCs, as well as by governments, and often in partnership. They are based on this preliminary assessment of the impact on gender issues of investment by TNCs, and on the recognition of the importance of gender equality and women’s empowerment for achieving sustainable development. They are a voluntary guide for TNCs and should be developed through multi-stakeholder consultation.

**Non-discrimination and equality in treatment between men and women:** To avoid potential discrimination against female employees, and its adverse effects, TNCs should make provisions to ensure equality in hiring practices for both men and women, equal pay for equal work, equal access to training, equality in promotion opportunities, the avoidance of unfair dismissal (for instance of pregnant women), the provision of maternity/paternity leave without fear of repercussion, equality in retention policy, and layoff
packages. TNCs should provide a safe and healthy working environment for men and women employees (in compliance with home and host country laws, as well as with the ILO conventions) and devise mechanisms to prevent harassment in the workplace, for both formal and informal employment positions. This principle applies for the entire TNC network, including NEMs and business partners.

**Incorporating gender concerns into TNCs’ investment projects and their business models:** Some investments lead to more employment opportunities for women than others. In such cases, appropriate provision of and means to facilitate women’s employment (such as assessment of childcare facilities and access to work) can be beneficial. Attention to gender is critical to achieving a fair, inclusive outcome of investment projects. TNCs should have a clear policy and plan to promote equality in treatment between men and women within their firm as well as promoting them among business partners, suppliers, customers and within the local community.

**Reporting on gender participation by TNCs:** TNCs should establish clear reporting and monitoring mechanisms to assess women’s participation at all levels of the organization and in all countries of operation. This may also include monitoring mechanisms for women’s employment practices, and more generally, the disclosure of how gender issues are integrated within investment analysis, practices and business models.

**Engagement in the promotion of women’s empowerment:** TNCs should provide equal access to resources and training for women employees, including skills enhancement and professional development. TNCs should facilitate and encourage women’s access to leadership positions and aim to achieve gender balance at all levels, including in jobs where women are traditionally underrepresented. To promote women’s empowerment in local communities, TNCs should develop supply relationships with women-owned businesses and contribute to capacity-building among local women entrepreneurs. TNCs should work in partnership with local governments, international organizations, non-governmental organizations and academic institutions to develop women-specific initiatives.

**Respect for the equal right in collective bargaining:** TNCs should respect the rights of both men and women employees to join trade unions and to bargain collectively; this includes encouraging and facilitating women’s participation in collective bargaining.

**Assessment of the gender impact of divestment decisions and the development of gender-sensitive divestment models:** TNCs should strive to minimize the risks and negative impact in case of divestment, including assessing the gender impact when a large pool of women employees are affected and the related impact on their families. Both the TNC and the local government can cooperate to develop a gender-friendly plan of action, including retraining and orientation programmes to facilitate the movement of employees to other jobs or the start-up of their own businesses.
VI. FUTURE AGENDA FOR RESEARCH

The literature reviewed in this report has shown that investment by TNCs does have gender-related impacts in host developing countries. However, the literature is constrained by the scarcity of research and data, and as a result, so is our knowledge and understanding of how and when this impact on gender can be maximized. The main weaknesses in the current knowledge revolve around three points:

- Most of the literature on FDI impact focuses on the economic impact (both conceptually and empirically), thus leaving a gap in terms of understanding the social impact of FDI, particularly when related to gender equality, women's employment and wages.

- Studies focus largely on FDI. Few explore firm-level practices, even though human resource management and CSR policies matter, and few consider non-equity and value chain strategies of TNCs.

- Most empirical research has been conducted on the manufacturing sector, with little done on the primary sector and insufficient attention to the growing importance of the services sector in developing countries.

The preliminary assessment in this report therefore highlights a number of research avenues that should be undertaken. The suggestions made below pertain to TNC strategies (in terms of own activities and value chains), a dynamic perspective on upgrading and the role played by women in the process, a focus on footloose industries and the potential impact of investment by TNCs in the services sector.

- **Gender considerations within TNCs’ human resource management and CSR strategies** (in terms of own activities and value chains): Research should investigate current practices across TNCs with regard to their human resource management policies and the particular position of gender issues within CSR practices, focusing on cross-border activities and across value chains.

- **Types of TNCs and impact on gender**: Uncertainty remains vis-à-vis potential differentiated impacts on gender by various types of TNCs. For instance, TNCs are not always large firms, and thus one may question whether size influences the impact on gender. Similarly, do TNCs led by women impact gender issues differently than other TNCs? In addition, with the growth in outward FDI from developing countries, there is a growing body of literature on the impact it has on home developing countries, but a major gap lies in understanding the gender-related impact of outward FDI, and on whether these firms have gender-related impacts in other developing countries that differ compared with firms from developed countries. A related question pertains to whether there exists a differential impact between developed and developing countries TNCs on gender.

- **TNCs, GVCs and gender**: Many GVC studies in sectors with high employment of women make pro-gender claims based on those large numbers. Deeper analysis of the contributions, role, benefits and constraints on male and female participation is needed. Further research should assess the gender-related impact of TNCs’ strategies in the context of GVCs and global outsourcing, with a particular focus on the impact for women working further down the value chains.

- **Dynamic perspective on upgrading and the role played by women in the process**: When industrial upgrading occurs in developing economies, there remains uncertainty about how women are affected through the change in the industrial structure from light manufacturing to higher value added activities.

- **The impact on gender of investment by TNCs in the services sector**: Much of the existing literature has focused on the manufacturing sector, especially light manufacturing. But a rising share of FDI is directed towards the service sector, where the potential for women's employment is substantial.
Better understanding is needed of the gender-related impact on employment dynamics in these sectors of investment by TNCs, with a particular focus on value chains and NEMs.

- **Investment by TNCs in footloose industries and impact on gender:** When TNCs operate in footloose industries, their impact on the host economy and on gender employment may be a short-term one. Further research is needed to better understand the role that TNCs play in gender issues when they operate in such industries.

- **The social and environmental impacts on gender of investment by TNCs:** Much of the discussion so far has focused on the economic costs and benefits of TNC activities for gender issues. Future research should shed light upon the social and environmental impacts of these firms such as their impact on health, should explore interactions between investment and social problems in gender development, and should draw further links between economic, social and environmental policies.
Notes


2. The authors calculate gross impact on per capita GDP using the following formula: Per capita GDP = labour productivity x amount of work produced per person x employment rate x age factor.


5. For a detailed discussion, see Kabeer (2012).


7. For instance, in the case of market-seeking FDI, the investment aim is to sustain or protect existing markets or to exploit or promote new markets. The bulk of FDI in services is market-seeking as most services are not tradable in the sense of cross-border transactions. Examples of market-seeking FDI include firms investing in tourism, hospitality or retail, sectors that traditionally employ a sizeable pool of women.

8. In Rwanda, Marriott has partnered with a vocational school called the Akilah Institute for Women to bring women from the first graduating class to work and train in Marriott hotels in Dubai. The women are getting on-the-job skills and leadership training, and will be ready to return to Rwanda after 18 months as part of the management team to open the company’s first Sub-Saharan Africa hotel – the Kigali Marriott Hotel – in 2014. “Marriott CEO: Women Are vital voices in the global economy”, *The Industry News*, 20 September 2013, www.hospitalitynet.org/news/4062328.html.

9. UNCTAD estimates that up to 80 per cent of world trade is linked to TNCs’ activities (UNCTAD, 2013c).

10. For example, in Lesotho, TNCs operate in the apparel sector where wages are low (UNCTAD, 2012b).

11. In a study of the textile industry in Madagascar, Nicita (2008) finds that the rise in wages is lower for unskilled jobs, and that, as the majority of textile jobs are held by women, they are less likely to experience a substantial increase in real wages in the process of export-led growth.

12. In the *World Investment Report* 2012, UNCTAD (2012c: 147) estimates that some 18 to 21 million workers are directly employed in firms operating under NEM partnership arrangements (including contract manufacturing, contract farming, service outsourcing, etc.), and that further employment is generated through linkages with local firms.

13. According to the ILO (2012) report, informal employment covers one-half to three-quarters of non-agricultural employment in developing countries. It is composed of both self-employment in informal (unregistered) enterprises and wage employment in informal jobs (i.e. without secure contracts, worker benefits or social protection)

14. In Angola, the informal sector provides the main occupation for 70 per cent of the female population. They are mainly engaged in consumer services, and because of their lack of experience in production activities, women have little chance of being hired for outsourced work (UNCTAD, 2013b).

15. One should distinguish here between self-employment out of necessity and opportunity entrepreneurship. Entrepreneurship is linked to economic growth and development (GERA, 2014), but not necessarily in countries with very high rates of necessity entrepreneurship – and women tend to be highly represented in necessity entrepreneurship. This may also have a bearing on women entrepreneurs’ ability to grow, expand and take part in GVCs.

16. See for instance Driffield and Taylor (2000) and Driffield and Girma (2003) for the United Kingdom. Results may vary by country. In the United States, research suggests that inward FDI in the 1990s has had an insignificant effect upon the demand for skilled labour, and consequently on wage dispersion within industries (Blonigen and Slaughter, 2001).
Labour market segmentation can be characterized by a situation in which people working in some jobs or in some sectors experience differences in earnings and enjoy different levels of protection and sets of opportunities with respect to others with similar opportunities. These differences tend to be rigid and it is difficult for the disadvantaged workers to move to the good jobs or segments of the market. If labour markets are segmented, the increase in segmentation is likely to affect the most vulnerable groups among workers.

For instance, although formal employment in the garment sector has been a positive development for many women, it has also made them vulnerable to external shocks and changes in the international environment. This was illustrated in Madagascar and Lesotho (Nicita and Razzaz, 2003; UNCTAD, 2012a). This vulnerability is further exacerbated by the poor ability of unskilled garment workers to relocate elsewhere. When wages are low, women can not build up substantial savings or start independent business activities, and the lack of skills can limit their mobility to other sectors of activity.

Without social protection and welfare mechanisms, women may not be able to reap the benefits of participation in the labour market. For a detailed analysis on how social protection policies can improve the labour market outcomes for women, see Razavi et al. (2012), including for informal employment - see Kucera and Xenogiani (2009). Examples of provisions that would support working women include the provision of childcare, quotas to ensure women’s participation, reduced travel time to work, infrastructure (e.g. supply of potable water and woodlots close to homes), social infrastructure (e.g. schools and clinics), or women’s increased access to markets and services and improvements in roads and transport (Kabeer, 2013). There are additional arguments in favour of strengthening social protection policies in developing countries. For instance, in a study of 59 poor countries, Martinez and Allard (2008/09) find that countries that score higher in terms of the quality of pro-social policies (using the World Bank’s Country Policy and Institutional Assessment score that covers gender equality, building human resources, equity of public resource use, social protection and labour, and policies and institutions for environmental sustainability) attract more FDI. In a study of social security and the social responsibility of multinational enterprises, Tessier and Schwarzer (2013) show that there is recent and growing interest in the social protection of employees at the group level of multinational enterprises (with a sample of 15 based in France). Some companies are making engagements on this issue, while others are starting to take stock to obtain a comprehensive view of the current state of social protection of their employees worldwide. The study finds that surveyed companies see their actions as supplementary to existing statutory social security systems.

HSBC introduced a revised “Refer to refer” program, when it substantially raised the payout to an employee if he or she successfully referred a job candidate for a job posting. The reference fee would be higher for a senior posting. Lenovo India, in contrast, offers a 15% premium over and above the referral bonus for female candidates, while Accenture doles out greater benefits in the form of perks and promotions to those employees who are able to bring good women candidates for internal jobs (“Companies like HSBC, Accenture double the reward for referring woman aspirant” Economic Times, May 10, 2013, http://articles.economictimes.indiatimes.com/2013-05-10/news/39168982_1_referral-programme-lenovo-india-women-candidates). Companies see a lot of benefits in a referral program, while there is a sort of stickiness among people who have been referred for a job; they tend to stay longer in the company.

A 2011 study conducted by Jack Zenger and Joseph Folkman of more than 7,000 leaders found that at every management level, more women were rated by their peers, bosses, direct reports and others as better overall leaders than men, and that the higher the level in the organization, the wider the margin. The study was based on 360-degree evaluations and rated leaders on 16 competencies. Women outscored men in 15 of them.

Lack of mentors, role models, sponsorship or access to appropriate networks have been found to be the major causes for the fewer global assignments for women managers (Linehan and Scullion, 2012).

In developed countries, CSR activities tend to be embedded in corporate strategies and politically rooted. By contrast, in developing economies, CSR activities draw on deeply engrained cultural/religious values and tend to be oriented toward local communities, and philanthropy is prevalent (Frynas, 2005; Muller and Kolk, 2008; Jamali and Neville, 2011).


Policies aimed at reducing the direct and indirect costs of education have a larger effect on girls. In India, for example, the introduction of school meals contributed to an increase in the years in primary school for girls, but not for boys (Drèze and Kingdon, 2001). In addition to general education policy, conditional cash transfers have also been introduced to build human capital through increased school participation for both boys and girls across selected developing countries (Behrman, Parker and Todd, 2011).
In a world in which governments increasingly compete for their preferred types of investment, greater coordination on investment policy could help avoid a “race to the bottom” in regulatory standards or a “race to the top” in incentives (UNCTAD, 2012c: 100).

For instance, in developing countries where women have weak property rights to land and limited access to resources, they tend to use land for subsistence and face constraints in developing entrepreneurial activities. More generally, limited rights and reduced access to resources explain why women entrepreneurs are concentrated in small firms and informal activities.

In Lesotho (UNCTAD, 2012b) a dual legal system exists, within which civil law (essentially based on Roman Dutch law) and customary law coexist. This means women in rural areas are subject to customary law on matters relating to the marriage relationship, land ownership and succession. Obstacles include distance, money, lack of awareness of legal rules and venues, and sociocultural barriers (including fear of reprisal or social ostracism). Civil courts are located in the capital or in district capitals, and despite subsidized legal aid services to indigent people, the fee remains high for some rural women.

In South Africa, domestic workers accounted for 16% of all employed women in 2009 (ILO, 2011). In 2002, the Domestic Workers Act was introduced to set a minimum wage and specify conditions such as hours of work, overtime pay, salary increases and leave entitlements (South Africa Department of Labour). Domestic workers and their employers must also contribute 1% of wages to the Unemployment Insurance Fund. Real wages, average monthly earnings, and total earnings of all employed domestic workers have risen since the Domestic Workers Act came into effect, while weekly hours worked and employment have fallen (OECD, 2012).

Differences in support are due to different factors including policy objectives, work and family outcomes, cultural attitudes towards work and care, and the role of governments in the family sphere (Adema, 2012). Increasing promotion of childcare services facilitates female labour-force participation and improves children’s future opportunities, objectives which are important in mitigating existing gender and socioeconomic inequalities.

To develop and implement a model of development and empowerment of women entrepreneurship, the Local Economic Development Agency of the Department of Sonsonate has promoted a Centre for Entrepreneurial services for women, which has made it possible for women to access technical and financial resources. The provision of business development services focused on women has not only enabled the start-up and expansion of women’s businesses, but has also had a positive impact on their participation in local governance. By accessing services designed for their specific needs and participating in information sessions and training courses that are organized in a space where decision-makers meet regularly, the women have also the opportunity to build their networks, voicing their concerns and improving their representation in decision-making structures at the local level. Source: OECD (2012).

For instance, in Uganda, the private bank dfcu launched the Women in Business Programme in 2007 in cooperation with the International Finance Corporation (IFC) and the Uganda Women Entrepreneurs’ Association Ltd. The programme lends to women entrepreneurs with a special focus on small and medium-size enterprises without requiring land as collateral, which women do not usually possess in Uganda. IFC (2008), Banking on Women in Business: dfcu Group Uganda.

For more information, see http://www.empretec.net. In addition, every two years, UNCTAD awards the Empretec Women in Business Award (E-WBA) to exceptional women entrepreneurs who have benefited from UNCTAD’s Empretec entrepreneurship development training workshop, have overcome barriers and have managed to start, expand and grow their businesses, and have an impact in their communities.

“Increasing educational opportunities for women, including on-the-job training, will increase women’s opportunities to obtain more and better paid jobs, which, in the long run, will reduce gender inequality among all educational groups” (Aguayo-Tellez, 2011: 16-17). “Educational and training programmes in enterprises can encourage and facilitate higher levels of participation by men and women within wider pro-poor sectoral initiatives.” (Baum 2013).

In a world in which governments increasingly compete for their preferred types of investment, greater coordination on investment policy could help avoid a “race to the bottom” in regulatory standards or a “race to the top” in incentives (UNCTAD, 2012c: 100)).
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## Annex 1

### Table A1. Global labour-market indicators, percentages, 2012

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Gender Gap*</th>
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</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>6.2</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>Inactivity rate</td>
<td>48.9</td>
<td>22.9</td>
<td></td>
</tr>
<tr>
<td>Employment-to-population ratio</td>
<td>47.9</td>
<td>72.7</td>
<td></td>
</tr>
<tr>
<td>Labour-force participation rate</td>
<td>51.1</td>
<td>77.1</td>
<td></td>
</tr>
<tr>
<td>Regional LFPR – Labour-Force Participation Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Africa</td>
<td>24.4</td>
<td>74.3</td>
<td>33.3</td>
</tr>
<tr>
<td>Other Africa</td>
<td>64.6</td>
<td>76.3</td>
<td>86.0</td>
</tr>
<tr>
<td>East Asia</td>
<td>66.4</td>
<td>79.4</td>
<td>80.0</td>
</tr>
<tr>
<td>South-East Asia and the Pacific</td>
<td>58.8</td>
<td>81.8</td>
<td>73.9</td>
</tr>
<tr>
<td>South Asia</td>
<td>31.8</td>
<td>81.3</td>
<td>37.4</td>
</tr>
<tr>
<td>West Asia</td>
<td>18.7</td>
<td>74.3</td>
<td>22.5</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>53.6</td>
<td>79.5</td>
<td>70.8</td>
</tr>
<tr>
<td>Transition economies</td>
<td>50.2</td>
<td>70.7</td>
<td>80.7</td>
</tr>
<tr>
<td>Developed economies</td>
<td>52.8</td>
<td>67.5</td>
<td>82.5</td>
</tr>
</tbody>
</table>

**Source:** UNCTAD, data extracted from the International Labour Office, Key Indicators of the Labour Market database.

**Notes:**
- Other Africa refers to Central, Southern, West and East Africa.
- The gender gap represents the number of economically active women per 100 economically active men.

### Table A2. Global employment status by gender (as share of total employment), 2012

<table>
<thead>
<tr>
<th></th>
<th>Wage and salaried workers</th>
<th>Employers</th>
<th>Own account</th>
<th>Contributing family workers</th>
<th>Vulnerable employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>48.3</td>
<td>1.4</td>
<td>26.8</td>
<td>23.6</td>
<td>50.4</td>
</tr>
<tr>
<td>Male</td>
<td>48.4</td>
<td>3.1</td>
<td>40.1</td>
<td>8.3</td>
<td>48.4</td>
</tr>
</tbody>
</table>

**Source:** UNCTAD, data extracted from the International Labour Office, Key Indicators of the Labour Market database.
### Annex 2. Illustrative list of women’s economic and social rights

<table>
<thead>
<tr>
<th>Economic Rights</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal pay for equal work</td>
<td>Free choice of profession or employment without the need to obtain a husband or male relative's consent</td>
</tr>
<tr>
<td>The right to gainful employment without the need to obtain a husband or male</td>
<td>Equality in hiring and promotion practices</td>
</tr>
<tr>
<td>relative's consent</td>
<td>Job security (maternity leave, unemployment benefits, no arbitrary firing or layoffs, etc...)</td>
</tr>
<tr>
<td>Non-discrimination by employers</td>
<td>The right to be free from sexual harassment in the workplace</td>
</tr>
<tr>
<td>The right to work at night</td>
<td>The right to work in occupations classified as dangerous</td>
</tr>
<tr>
<td>The right to work in the military and the police force</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Rights</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The right to equal inheritance</td>
<td>The right to enter into marriage on a basis of equality with men</td>
</tr>
<tr>
<td>The right to travel abroad</td>
<td>The right to confer citizenship to children or a husband</td>
</tr>
<tr>
<td>The right to obtain a passport</td>
<td>The right to initiate a divorce</td>
</tr>
<tr>
<td>The right to own, acquire, manage and retain property brought into marriage</td>
<td>The right to participate in social, cultural and community activities</td>
</tr>
<tr>
<td>The right to own an education</td>
<td>The right to an education</td>
</tr>
<tr>
<td>The freedom to choose a residence/domicile</td>
<td>The freedom from genital mutilation of female children and adults without their consent</td>
</tr>
<tr>
<td>Freedom from forced sterilization</td>
<td></td>
</tr>
</tbody>
</table>