Insider's advantage: when foreign firms do not capture opportunity in the local labour market[+]

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Previous studies have argued that, relative to local firms, multinational firms may have an "outsider's advantage" in hiring women. Using a large data set of executives in the countries of the Gulf Cooperation Council, in a region with some of the lowest rates of female labour force participation in the world, I present new evidence of a setting in which foreign firms do not capture opportunity in the local labour market. I find that foreign firms, on average, are not more likely than local firms to hire female executives and are *less* likely to place women into top management roles. I propose that foreign firms may have fewer social networks and resources, or lack "insider's advantage", relative to local firms for recruiting women into executive positions.

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1. Introduction

Multinational firms play an increasing role in the global economy. Global foreign direct investment (FDI) outflows amounted to $1.39 trillion in 2019, up from $244 billion in 1990 (UNCTAD, 2020). Today, multinational enterprises (MNEs) account for about 23 per cent of global employment, providing attractive jobs for workers in host countries that often pay higher wages than domestic firms in the same industry (Aitken *et al.,* 1996; Setzler and Tintelnot, 2019). In 2017, women held 22 per cent of board seats in the top 100 MNEs, which is slightly above the S&P 500 average and higher than the national averages in almost all countries in the world (UNCTAD, 2018).

Whereas a growing body of literature has documented an "outsider's advantage" (Siegel *et al.,* 2018) for foreign firms when capturing opportunity in the local labour market, I present new evidence of a setting in which foreign firms are not more likely than local firms to hire female executives in a set of countries with very low shares of women in management and some of the lowest rates of female labour force participation in the world. In addition, I find that multinational firms are actually *less* likely to place female executives in top management roles in these countries. These findings are robust for differences in the share of female executives across industries and are not driven by the fact that MNEs specialize in industries with a low share of women in executive roles. An alternative hypothesis about the influence of local firm advantage in recruiting is that foreign female executives may be more reluctant to travel from their home country to a subsidiary country. Yet when considering only local female executives, I find that foreign firms are still not more likely than local firms to hire a female executive. To explain these results, I suggest that local firms have an *insider's advantage* because of greater access to relevant social networks and resources– what I term *firm social capital*– relative to foreign firms.

1.2 "Outsider's advantage"

We might expect that firms originating in societies with social norms[1] that feature a greater presence of women in management and the labour force may internalize and export their organizational practices to their countries of operation, even if local customs differ. The idea that a national culture can influence organizations within it is not new (Hofstede, 1980; Schneider, 1989; Weber *et al.,* 1996; Gerhart and Fang, 2005; Gerhart, 2008). But what happens when an organization with one set of social norms and practices related to women and work enters a national culture with very

[1] Following Scott and Marshall (2009), I think of social norms as "a shared expectation of behaviour that connotes what is considered culturally desirable and appropriate." I examine descriptive but not injunctive norms.

different gender norms and practices? An analysis of the promotion of women to managerial positions poses a stricter measure of female employment. A separate but relevant literature on workplace inequality has sought to address the mechanisms by which women remain a low proportion of business executives.[2] Even among countries with high rates of female labour force participation, women constitute a minority of business executives. A test of the transmission of national culture in female executive hiring outcomes presents a rich case in which to understand whether source or host-country business practices dominate, and when and where foreign firms are able to capture opportunity in the local labour market.

One way to contrast organizational culture with national culture is to study how multinational organizations diverge from or maintain their economic practices when operating abroad. A number of papers have investigated whether foreign-owned firms are more likely than local firms to hire female workers and even create new perceived demand for female labour (see Kodama *et al.,* 2016 and Mun and Jung, 2017 for Japan and Korea; Villareal and Yu, 2007 for Mexico; Tang and Zhang, 2016 for China; Siegel *et al.,* 2018 for South Korea; and Jensen, 2010 for India).[3] Overall, these papers find that foreign-owned firms are more likely than local firms to hire more women and in some cases also influence local firms to increase the participation of the local female labour force. But these studies are largely limited to analysis of multinational firms within one or two countries, within limited industries, and with smaller sample sizes. An exception to outsider's advantage is Salzinger (2003)'s ethnographic case study of Mexican manufacturing firms, which found that foreign firms had greater gender inequality than local firms and suggested that this inequality is due to misperceptions about the local female labour market by foreign firms. In contrast to these studies, I find an advantage for local firms on the outcome of hiring female executives[4] across all industries in six countries with particularly low rates of female labour force participation.[5] This new evidence suggests that further

[2] Baron and Bielby, 1980; Baron, 1984; Bielby and Baron, 1986; Acker, 1990; Reskin, 1993; Tomaskovic-Devey, 1993; Ridgeway, 2001; Castilla, 2008; Carter *et al*., 2014; Charness and Gneezy, 2012; Fernandez-Mateo and Fernandez, 2016; Niederle and Vesterlund, 2007; Mas and Pallais, 2017; Correll *et al*., 2017.

[3] Some scholars use the term "outsider's advantage" at an organizational level to characterize individuals outside a group; see Yenkey (2018).

[4] My analysis focuses on executives because demographic data on employees were not available.

[5] Some readers may consider the vast difference in norms of female labor force participation in the Gulf Cooperation Council (GCC) region to limit the generalizability of the findings. I argue that it is precisely because of the great difference in the norms of women in management that a test of foreign firm culture should be most rigorous. In fact, one would expect an "outsider's advantage" to be most salient when business norms on hiring women are so different. My study is the first to test foreign firm influence across six countries and all industries with such a large number of firms and executives in precisely the right analytic environment.

exploration is necessary to understand the conditions by which "outsider" firms are advantaged, as well as if and when they are not at an advantage, to capture opportunity in the local labour market.

2. Hypotheses

I draw on three concepts from the organizations literature to identify potential hypotheses for hiring outcomes: firm taste for discrimination (Becker, 1957)[6], competitive and institutional isomorphism (Meyer and Rowan, 1977; DiMaggio and Powell, 1983)[7] and social capital within firms (Bourdieu, 1986; Coleman, 1988; Portes, 1998; Reagans and Zuckerman, 2001; Burt, 2005; Fernandez *et al.,* 2000; Fernandez and Sosa, 2005; Lin 2017). In addition, we can refer to the literature on localization, referral networks and hiring as pathways by which the social capital of local firms may advantage local firms. First, the literature on firm taste for discrimination would predict that foreign firms from countries with higher rates of female labour force participation or higher shares of women in management would have a lesser taste for discrimination against hiring women, and we would expect a greater presence of female executives relative to firms from countries with lower participation rates. A view of organizational behaviour competing for top talent in the labour market would also predict that foreign firms would take the lead on the hiring of female executives. This prediction would also be consistent with literature supporting an "outsider's advantage" that exploits local social gender divisions for competitive advantage (Siegel *et al.,* 2018). We could empirically test this as follows:

> Hypothesis 1a (H1a), pp. *Foreign firms from countries with higher shares of women in management should have a greater presence of female executives and be more likely than local firms to place women in top management supervisory roles when operating in countries with lower shares of women in management.*

A second possible outcome could be that foreign and local firms would show no difference on the outcome of hiring female executives. An argument drawn from the literature on firm isomorphism is that competing firms, despite their differing endogenous preferences, would eventually converge on the outcome of hiring

[6] In Becker's conceptualization, taste for discrimination is the price an employer is willing to pay not to hire a person from a certain group. In his case, he studied the price at which employers were willing to not hire African-Americans, but in my study, I look at the price at which employers are willing to not hire females.

[7] Isomorphism refers to the degree to which institutions start to look alike.

women if hiring female executives were the more profitable strategy.[8] A related perspective from neo-institutionalist theory would be to predict that firms would adapt to host-country business norms if institutional pressures incentivized foreign firms to conform (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Foreign and local firm convergence on the business practice of hiring female executives could occur through coercive, mimetic or normative isomorphism. All mechanisms are plausible in a setting in which foreign firms are beholden to the regulatory political and legal environments of host countries; local and foreign firms would want to imitate whichever organizational strategy was most successful in the host culture, and the standardization of human resource departments through global professionalization networks may in fact cross national boundaries. Indeed, recent work (Smith and Rand, 2018) suggests that behaviours of non-discriminating firms – specifically, in hiring practices and wages paid – will come to mirror the behaviours of discriminators in equilibrium. From this argument, we would expect no difference between foreign firms and local firms on the outcome of female executive employment. We could empirically test this as follows:

> Hypothesis 1b (H1b), pp. *Foreign firms from countries with higher shares of women in management should not have a significantly different presence of female executives, nor should they differentially place them in supervisory roles, relative to local firms when operating in countries with lower shares of women in management.*

A third possible outcome is that the social capital of the firm would determine its ability to compete for top managerial talent among the available labour supply. This line of argument supposes that local firms would have a greater presence of female executives than foreign firms simply because of their market access and power. A standard definition of social capital remains contested (for various definitions, see Bourdieu, 1986; Coleman, 1988; Portes, 1998; Burt, 2005; and Lin, 2017; and for various applications, see Fernandez *et al.,* 2000; Fernandez *et al.,* 2005; Mehra *et al.,* 2006; Dokko and Rosenkopf, 2010; Laursen *et al.,* 2012). By social capital I

[8] Some may wonder if these firms have any real competitive advantage of profitability from hiring women. Although some of the data on net income are missing, for the subset of firms in the data set that include all the relevant variables, I find no significant association between a higher share of female executives and net income (reported profits/reported losses) in the last reported period. In fact, the coefficient of the proportion of female executives is negative to net income (though not statistically significant). However, as panel data on executives are not available, one cannot draw a conclusion about the relationship between the proportion of female executives and net income. Instead of an argument about profitability, in this paper I make the assumption that firms seeking a competitive advantage for recruiting human capital in the local labor market for executive positions, of which the majority are female college graduates, would seek to increase their share of female executives relative to their competitors despite the absence of solid evidence that the share of female executives is causally related to firm profitability for this set of global firms.

mean the firm's access to resources and networks to exercise agency in the local labour market.[9] In this study, I use a term traditionally applied to persons within organizations and apply it to the firm, as called for in previous research (Sorenson and Rogan, 2014). By *firm social capital*, I mean a firm's ability to draw on its social resources and social network to exercise its will and preferences in the country in which it operates. Firms exercise this will and agency to establish themselves or remain economically competitive and profitable. Social resources can include firms' relationships with local stakeholders who facilitate the legal, political and economic transactions necessary for firms to conduct their business in the country and make a profit. We could expect firm social capital to encompass not only existing social networks but also endogenous cultural capital (Bourdieu, 1986) and knowledge, which can be operationalized into both proactive hiring strategies as well as knowledge about when to selectively adapt certain practices and even how to comply with regulations without deterring potential applicants.

Last, the literature underscores the fact that organizations have embedded structural hierarchies whose power structures are influenced by pressures outside of the organization (Acker, 1990; Baron and Bielby, 1980; Bertrand and Hallock, 2001). If we assume that national culture can influence organizational hierarchy, we might expect that the same mechanisms by which foreign and local companies differ in terms of the presence of female executives, as well as the kinds of roles they occupy in the organization – whether advisory roles or top management supervisory roles where they would be expected to supervise men, for example[10] – may differ as well (Cohen *et al.,* 1998; Phillips, 2005). In addition, we may expect returns to tenure at multinational firms to maintain an embedded gender disadvantage that results in unequal returns to male and female employees, as has been found in other organizational settings (Fernandez-Mateo, 2009).

Drawing on the literature mentioned here, we might expect that foreign firms with less firm social capital may have fewer networks and resources with which to recruit women into supervisory roles. We could empirically test this as follows:

> Hypothesis 1c (H1c), pp. *Foreign firms from countries with higher shares of women in management should have a lesser presence of*

[9] My definition comes closest to Lin's discussion of a "network theory" of social capital as "assets in networks" (2017: 3).

[10] In this setting, I define a role as top management, or *supervisory*, when the executive job title includes the words chairman, chief executive, CEO, owner, founder, proprietor, head, chief, director, deputy, vice, partner or manager. A role is *advisory* when the job title includes the words senior, adviser, signatory and other categories. These broad categories were drawn from the most frequently mentioned categories in the data set. The inclusion criterion was whether the job title's inclusive words would separate those higher in rank with likely supervisory roles, from subordinate employees, lower-level managers or both.

female executives and be less likely than local firms to place them in top supervisory roles when operating in countries with lower shares of women in management.

There is a debate in the literature on whether the mere presence of female executives influences within-firm organizational development for other women in the organization. For example, Mun and Brinton (2015) found that the presence of female executives influenced a positive take-up of work-family policies in firms in Japan, but Bertrand *et al.* (2014) found that board quotas for women in Norway did not improve wages for women in the organization. Sociologists of gender have highlighted the additional cultural significance that gender has as a performative framework (Ridgeway, 2001), where gender roles in leadership are played out as a status-based performance. In other words, while the presence of female managers may positively influence an organization's development, the influence of a female executive may be attenuated by the difficulty of fitting the expectations of her colleagues because she is both female and in a position of executive leadership (Eagly, 2007; Eagly and Karau, 2002). This study inquires whether source- and host-country practices intersect with the status-based gender roles required of female executives. This investigation is carried out by distinguishing supervisory executive roles, in which women would be expected to have male subordinates, from advisory executive roles, which may more easily maintain gender segregation in the workplace.

Finally, to be effective, firm social capital must be utilized; simply having it is not sufficient to make a firm competitive. To further disentangle possible mechanisms by which foreign and local firms may differ on the outcome of hiring female executives, I observed foreign and local firms in Saudi Arabia over several visits to local and multinational firms of various sizes and industries in Riyadh, Jeddah and the Eastern Province from August 2016 through March 2019. In October 2017, I asked a Saudi human resources manager at a large local company how he convinced top management to begin hiring women. He described an elaborate process of persuading his board of directors of the untapped market potential that hiring women would bring to the company. It entailed patiently moving high-potential women from lower levels within his company into leadership positions through visible projects with important clients, starting with the campus of a female university and then moving to clients in more male-dominated environments. This manager described a skillful career development strategy for high-potential female employees in his company that indicates a level of cultural knowledge and access that may not be found in comparable managers at foreign firms. First of all, the client network with large local markets at the company, such as a large local campus of a female university, was already established; therefore, it may not have been as difficult a transition to hire a woman for an executive position, whether from within the company or recruited from outside it. Second, the manager followed a patient

strategy of persuading his majority-Saudi board of directors of the potential to expand the company from within. One can imagine that male managers at foreign companies may not have the knowledge, access or confidence to persuade their all-male board of directors to hire females for executive positions, especially if they do not have a base of female executives in low-level managerial roles whom they can move into more senior roles. This example illustrates the institutional divide between foreign and local firms and their ability to activate their social network and resources, allowing them to recruit and retain female employees effectively in management positions.

2.1 Localization, referral networks and hiring

To explore the pathways by which local firms access insider's advantage through their firm social capital, we can look briefly at the literature on localization, referral networks and hiring. A vast literature on localization supports the idea that global firms must integrate themselves into a host culture in order to succeed. The definition, application, and interpretation of the concept of localization vary – whether as an ideological "manifesto" (Hines, 2000) or "ethical response" (Hailey,1999) to a human resource policy that cuts costs for the firm. I use the term to refer to the business practice of hiring locals, in the context of international firms. Hiring locals may be challenging but can ultimately benefit a firm by building support within the local community, rather than by imposing norms and practices from without. Research on knowledge transfer within organizations has suggested that "knowledge embedded in the interactions of people, tools, and tasks provides a basis for competitive advantage in firms" (Argote and Ingram, 2000); however, processes of localization may require a site-specific "constellation of logics" to guide recontextualization of the meaning as well as actual business practices (Värlander *et al.,* 2015).

Some challenges of recruitment and selection of potential employees from within the local population include lack of information about the culture and an inability to properly contextualize the compensation and incentives of employment (Waxin *et al.* 2018; Bhanugopan and Fish, 2007). Others have found it crucial to retain local managers through the duration of a recruitment and training process for hiring locals (Fryxell *et al.,* 2004). Overall, these studies of multinational companies moving to hire locals and replace expatriate workers recommend "culture-sensitive" approaches to hiring (Kühlmann *et al.,* 2010); others have called for a "holistic" and "comprehensive" human resource development framework (Al-Asfour and Khan, 2014).

Previous work has documented gender disparities in hiring, but recent scholarship suggests that organizational mechanisms such as tokenism among screeners, rather than gender-typing or blanket discrimination across job types, are more

effective in explaining gender discrimination in hiring (Campero and Fernandez, 2018; Forstenlechner, 2009). This literature might suggest that foreign firms would not necessarily have an advantage in hiring practices when they hire a token local to recruit and hire and that this practice may even disadvantage the future hiring of locals. However, this literature has not tested these mechanisms across countries or in cases in which local regulations privilege the hiring of locals, as in the Gulf Cooperation Council (GCC) countries.

The literature on referrals in hiring also suggests that networks are important for maintaining homophily, or hiring people similar to those already in the organization. Homophilous hiring might limit the ability of foreign firms to penetrate local hiring networks, but also might limit the agency of organizations in shaping referral and hiring practices to overcome the segregation that occurs in homophilous hiring. Rubineau and Fernandez (2013) find that referrer behaviours can segregate jobs beyond the effects of homophilous network recruitment, but if designed thoughtfully, referrals can become opportunities for organizations to influence the effects of network recruitment. Rubineau and Fernandez (2015) find that network recruitment need not necessarily lead to gender segregation in United States organizations and propose that network recruitment segregates primarily through interactions with other biasing mechanisms. These studies do not account for insider advantages to network recruiting when competing with foreign firms for local talent. Last, some scholars suggest that gender disparities in hiring are driven by the applicants themselves, who self-select into certain jobs based on their expectations of success in those fields and occupations (Barbalescu and Bidwell, 2013). Unfortunately, one would need the universe of applications data for both foreign and local firms in order to further test supply-side mechanisms.

Surprisingly little scholarship has proposed that insiders may actually advantage firms in a competitive global environment. Eden and Molot (2002) used data from the Canadian auto industry to test a theoretical model showing foreign status as a liability to first-mover firms and latecomers in their ability to bargain with a host government; however, they did not consider the insider's advantage of local firms but rather assumed that foreign firms were advantaged over local firms.

2.2 Insider's advantage

I propose a theoretical mechanism of insider's advantage that foreign firms must wrestle with when testing their social capital and networks in a host environment, particularly when it comes to local resources, such as recruiting talent in hiring for executive positions. I define insider's advantage as a locally owned firm's competitive advantage in access to local social resources, including cultural knowledge and social networks, with which to capture opportunity in the local labour market. Local

firms by their nature are embedded in and comprise local knowledge, networks and social resources within the communities where they must extract the kinds of human talent that would enable them to respond to cultural change in hiring women. In principle, smaller local organizations could also be more flexible and less encumbered by regulations, which could make them adaptable if the regulations are expedient and could make them more competitive in changing particular technologies or human resource practices, such as hiring women for managerial positions. This study presents new evidence for how insider's advantage can explain the failure of foreign firms to capture opportunity in the local labour market.

3. Research setting

Inward FDI stocks in the GCC have grown from $24 billion to $430 billion in the last two decades (UNCTAD, 2016). This growth is evidence that foreign firms, through the sheer magnitude of business they conduct in the GCC, might be expected to change norms. In this paper, I do not try to measure or quantify spillovers of norm change to local firms. Rather, I analyse whether foreign firms transmit their national culture to the host-country culture. GCC countries as host countries have very different social norms when it comes to female labour force participation and women in management, as shown in table 1.

From table 1, we can see that GCC host countries and the source countries of foreign multinationals operating in the GCC differ on the business norm of female employment, including the more stringent measure of women in management. Contrary to expectations, we note that in general, foreign firms from source countries with higher percentages of women in management have fewer women in management in their GCC affiliates (table 1, columns 4–9) than at their headquarters (table 1, column 3). This finding is evidence that foreign firms may not be taking the lead over local firms when it comes to hiring female executives, despite having source-country social norms of a greater percentage of women in management.

Hiring is a process of matching people and jobs (Kalleberg and Sorensen, 1979). A match requires agreement from two parties – the firms that hire and the job candidate, or the demand side and the supply side. From the demand side, we might expect that foreign firms and local firms could differ in their preferences and abilities to hire women. We must also consider that to hire women into executive positions, there must be an available labour supply of women with the skills that firms demand. A complex combination of historical dependence on foreign labour and extraction of natural resources has burdened GCC labour markets in their current approaches to incentivizing firms to hire locally and optimizing local labour supply by incorporating female labour (Willoughby, 2004; Lepeska, 2010; Randeree, 2012). To establish that appropriate human capital is available among local women to

Table 1. Female executives by firm source country and firm location (% female of total executives)

Global ultimate owner (GUO)	Firm location									Total GCC firm foreign affiliates (N)	Total Executives (N)
	1	2	3	4	5	6	7	8	9	10	11
	Source-country FLFP[a]	Source-country percentage of WIM[b]	GUO headquarters[c]	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates		
GCC											
Kuwait	28.2	13.9	4.1	8.9	-	10.3	10.5	0	12.7	156	481
Bahrain	21.0	10.0	14.9	-	6.5	0	-	3.1	12.4	109	208
United Arab Emirates	12.4	10.0	1.9	8.5	12.8	5.1	5.7	0	-	65	216
Oman	12.9	9.3	1.7	-	10.7	-	-	-	11.2	166	247
Saudi Arabia	16.2	7.1	0.3	2.0	14.3	0	5.9	-	12.4	402	645
Qatar	14.1	6.8	1.4	-	11.5	6.7	-	-	11.8	77	191
Foreign (high number of women in management)											
Panama	39.6	47.4	16.2	-	-	-	-	-	18.2	7	24
United States	45.8	42.7	21.7	3.3	33.3	-	0	0	7.8	98	247
Cayman Islands	-	42.4	14.1	-	-	-	-	-	21.2	13	49
France	47.0	39.4	24.6	6.3	-	3.6	33.3	0	6.7	55	165
Canada	47.2	36.2	16.4	-	-	-	-	-	10.3	22	45
Sweden	47.7	35.5	23.3	-	-	-	-	-	11.8	9	21

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Global ultimate owner (GUO)	Firm location									Total GCC firm foreign affiliates (N)	Total Executives (N)
	1	2	3	4	5	6	7	8	9	10	11
	Source-country FLFP[a]	Source-country percentage of WIM[b]	GUO headquarters[c]	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates		
United Kingdom	46.5	34.2	21.0	5.9	-	6.7	25.0	5.9	8.6	107	293
Switzerland	46.6	33.2	13.7	-	-	-	-	8.7	15.2	30	74
Ireland	44.9	32.6	21.1	-	-	-	-	-	21.4	9	20
Belgium	45.9	32.4	10.9	-	-	-	-	15.4	-	11	29
Norway	47.1	32.2	25.1	-	-	-	-	-	-	3	15
Singapore	45.0	31.4	14.8						5.3	12	26
South Africa	45.0	31.3	21.0	-	-	-	-	-	14.3	5	14
Germany	46.5	31.1	16.2	0	-	-	-	3.3	4.2	32	79
Spain	46.4	30.0	14.9	-	-	-	-	0	-	13	30
Netherlands	46.1	29.0	17.8	-	-	-	-	0	0	27	63
Denmark	47.4	28.4	20.1	-	-	-	-	-	4.8	12	32
Italy	42.0	25.8	14.0	-	0	10.0	-	0	0	21	98
Malaysia	38.1	21.5	18.2	-	-	-	-	-	8.3	11	21
Luxembourg	45.2	18.0	11.2	-	-	-	-	-	25.9	15	43
China	43.6	16.8	13.6	-	-	-	-	0	9.1	17	32
Cyprus	46.5	15.8	14.6	-	-	-	-	-	6.3	6	17
Iran, Islamic Republic of	19.0	14.6	0	-	-	-	-	-	9.4	40	64

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Global ultimate owner (GUO)	Firm location									Total GCC firm foreign affiliates (N)	Total Executives (N)
	1	2	3	4	5	6	7	8	9	10	11
	Source-country FLFP[a]	Source-country percentage of WIM[b]	GUO headquarters[c]	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates		
Foreign (low number of women in management)											
Turkey	32.2	12.2	17.0	-	-	-	7.7	-	27.8	14	32
Japan	43.2	11.1	2.6	-	-	-	-	-	11.1	29	53
Syrian Arab Rep.	14.4	10.2	-	-	-	-	-	-	9.6	91	119
Egypt	23.1	9.7	9.2	-	-	-	-	-	16.4	58	92
Lebanon	24.5	8.4	22.3	-	17.9	-	0	10.0	15.7	68	158
Jordan	17.7	5.1	4.1	-	-	-	-	7.7	7.3	49	110
British Virgin Islands	-	-	6.3	-	-	-	-	0	13.2	36	94
India	24.5	-	9.5	0	-	8.5	29.4	0	8.9	207	438
Iraq	20.1	-	-	-	-	-	-	-	10.5	16	19
Kenya	48.5	-	15.0	-	-	-	-	-	25.0	5	12
Libya	24.6	-	-	6.1	-	-	-	-	-	7	70
Pakistan	22.4	-	3.2	-	-	-	-	-	10.9	109	132
Sudan	29.4	-	0	-	-	-	-	-	21.4	50	57

FLFP = female labour force participation, GUO = global ultimate owner, - = no data available or no executives in this category.

Source: GUO headquarters and firm location from BvD Orbis 2016. Source-country FLFP from World Bank 2017 (includes non-citizen labour force). WIM data from ILO Statistical Database, Employment by occupation: managers, June 2014, reported in ILO 2015. Data for the United States from the United States Bureau of Labour Statistics, Management Occupations from Household Survey Data, 2012, in ILO (2015:9). Data for Bahrain listed as "female legislator managers" from Metcalf (2008:88).

Note: Data include the set of firms that have an establishment in a GCC country and at least 10 executives. Countries are listed by source-country percentage of women in management.

[a] As a percentage of the total labour force. [b]. Does not include women at establishments in the GUO country. [c]. Firms present in multiple GCC countries are counted multiple times.

meet the demand for executive positions, we can point to the fact that throughout the GCC today, women outnumber men in attaining a college education, coinciding with local hiring quotas set up in the 1990s.[11] This fact provides evidence against gender-based differences in individuals' educational investments as an alternative explanation for the dearth of female executive labour supply. Although gender-segregated social norms and business regulations in the GCC may hinder firms in hiring women, hiring quotas for locals greatly incentivize businesses to overcome these structural barriers (Miller *et al*., 2019). Hiring quotas are business regulations that require firms to have a certain number of employees sourced from the local population. For example, in some sectors Saudi Arabia requires that firms with more than 10 employees have at least 30 per cent of their employees be local nationals.[12] Although it is difficult to disentangle causality from these data, we can see that hiring quotas were implemented at similar junctions as when women overtook men in college attendance. Although these quotas are not gender quotas, women with college education would be expected to be as competitive as men for demand in the labour market. Relevant to this study, women with college degrees would be expected not to fill just any role, but to be competitive for managerial positions.[13] Despite prevailing cultural norms of fewer women in the labour force for historical reasons, both local and foreign firms are incentivized under current GCC labour market policies to hire locals, and a preponderance of female college graduates has flooded the market with an abundant supply of female human capital.[14] A college degree today appears almost universally as a prerequisite for eligibility for executive positions.

From the supply side, we might also expect that men and women could differ in their preferences to work for local or foreign firms, which for foreign expatriate employees may involve a process of relocation either within their home country or abroad. In a subset of the data for which executive nationality is available, about 49 per cent of women in foreign firms are foreign nationals and about 20 per cent are local women. The data for male executives are surprisingly similar: 50 per cent of male executives

[11] Using data retrieved from Barro *et al.,* (2013), the author's calculations show that women's tertiary education rates surpassed those of men around the time of the introduction of local hiring quotas in the 1990s. See also González (2019).

[12] Recent regulations mandate that some industries, such as retail, localize completely regardless of the number of employees (see Miller *et al.,* 2019).

[13] Although in the GCC women have surpassed men in terms of education attainment, women's labor force participation as a percentage of management still remains significantly lower than the labor force participation of men (see column 2 of table 1). This may be related to the fact that throughout the GCC, women are educated in women's colleges, segregated from men, and historically there has been variation in the kinds of college majors available to men and women, which may not correspond to the demands of the labor market.

[14] See footnote 11.

at foreign firms are foreign nationals and about 22 per cent are local men. Among local firms, 25 per cent of female executives are foreign nationals and about 46 per cent are local. Among local firms, about 28 per cent of male executives are foreign and about 51 per cent are local men.[15] Studies of local women's employment in this region dispel the myth that foreign oil companies are the largest employers; instead, many paths to women's employment are connected through kinship ties to family businesses in smaller, family-owned retail firms (Charrad, 2009). The data in this sample support this view of the trend of many local women being executives in small retail firms. For simplification, I focus on which firms are more likely to hire a female executive and place her into a supervisory role, regardless of nationality.[16]

Whereas both supply- and demand-side factors may play a part in executive hiring, this study focuses on firm-level outcomes in order to provide empirical evidence to disentangle equally plausible outcomes theorized in the literature. This study also serves to motivate future research to investigate causal mechanisms for the findings here.

4. Data and methods

To test the concept of insider's advantage through the mechanism of firm social capital, I analyse a large data set of firms in the GCC from the 2016 Orbis database of Bureau van Dijk Electronic Publishing (BvD), with a set of firm data from the GCC countries Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The GCC firm data include 139,550 firms and 227,402 executives. This is the most comprehensive list of all firms in these countries I have found with the relevant executive demographic data.[17] These data allow me to pick up nuance in the structural factors that characterize organizations with more female executives. Instead of eliminating sole proprietorships, as has been done in previous analyses

[15] The high number of foreigners working in the GCC, including at the management level, stems from a legacy of hiring foreigners in the private sector, whereas much of the local population is employed in the public sector (Willoughby, 2004; Lepeska, 2010; Randeree, 2012). There is evidence that local versus foreign nationality (Al Dabbagh *et al.* 2016) as well as gender (Heilman, 2001; Eagly and Karau, 2002; Heilman *et al.,* 2004; Eagly, 2007; Barbulescu and Bidwell, 2013; Chattopadhyay and Choudhury, 2017) can influence preferences for working in foreign or local companies in managerial positions.

[16] To ensure that my findings are robust to local labour supply, I rerun the main analysis but limiting it to executives with local nationality; the findings are unchanged.

[17] The data were downloaded directly from one online database source. The total number of executives in the original data set is 788,330; however, because of the large amount of missing data on the gender of executives at small firms, the data set for analysis, which includes the gender of the executive, is reduced to 227,402. By including only firms with an executive whose gender is pre-populated, the number of firms in the analysis is reduced to 139,738 from an original 692,165. Appendix table 1 provides descriptive statistics comparing the complete downloaded sample with the analysis sample.

of women executives in European Orbis data (Christiansen *et al.,* 2016), I include all firms in the database.[18] Similar to Kemp *et al.* (2015), who used Thomson Reuters Zawya data, I provide descriptive analysis of particular job titles of female executives in GCC countries but look at female executives in all firms in the data set with at least one female executive – not only the firms with more than 300 employees, as they did.[19] In addition, Kemp *et al.* made no hypothesis related to the propensity of foreign firms to hire women. This study improves their analysis, not only through regression analysis but also by counting the many female sole proprietors with small- to medium-sized firms.

Firm-level data come from administrative data collected by local chambers of commerce and provided to BvD. The representation of the broader population of firms is difficult to gauge because no better comprehensive list of firms is available. However, the fact that so many small firms are represented allows this analysis to be the most comprehensive data available for understanding executive outcomes throughout a broad sample of firms. Executives are identified and included in the data set by using data provided to BvD by chambers of commerce, by scraping company websites and by calling companies for verification. Executives include all available listed managers, including mid-level managers, top executives, owners, and board members. Some limitations to the data set are that it is cross-sectional; no panel data on individual executives are available in Orbis, limiting the ability to conduct longitudinal analysis of executives; and no employee demographic data are available. Analysis of female executives in Orbis, as in Christiansen *et al*. (2016), has been done primarily on countries of the Organization for Economic Cooperation and Development.[20] It must be noted that the criterion for being designated an "executive" in the BvD Orbis data set is more broad than that used elsewhere in scholarship focused on executives; it includes mid-level managers as well as top management.

[18] I still report findings after removing small firms to test the robustness of the findings for larger firms as this is the size category more salient to foreign multinational firms.

[19] Kemp *et al*. analysed 124 female executives in Bahrain, 558 in Saudi Arabia, 323 in Kuwait, 125 in Oman, 144 in Qatar and 926 in the United Arab Emirates, with a total of 2,200 female executives (the number of male executives in their data is unclear), whereas my analysis lists 10,355 female executives in Bahrain, 603 in Saudi Arabia, 12,578 in Kuwait, 133 in Oman, 2,163 in Qatar and 15,984 in the United Arab Emirates out of a total of 41,816 female executives and 227,402 executives overall (male and female). As a robustness check, I reran the main analysis, limiting the sample to only firms with at least 300 employees, and the results were unchanged.

[20] I could not test firm growth and productivity because of the amount of missing data for GCC firms. In addition, management data (my dependent variable of interest) are available only for the current year, which limited my ability to test for change in female hiring outcomes across a panel of years. Additional controls including export status and log revenue were either not available for this sample or there were too many missing values to include them in regressions.

4.1 Measures of firm social capital

Firm social capital is operationalized by including measures of foreign or local status, size and age. Whether the firm is *foreign* or *local* is included as a measure of status because by definition this measure defines its peer group – who it seeks as role models, sees as competition and seeks for cooperation. Firm ownership is easily observable in many ways, as it is advertised on websites where applicants must submit job applications, in job postings, and in firm marketing and branding. Foreign firms are also understood socially by the public to constitute a different kind of culture than local firms – where English may be the dominant language in the workplace, where greater efforts are made to integrate male and female coworkers on projects, and where work may involve significant international travel. All of these characteristics are signals to local firms of quality and experience and make working at foreign firms particularly attractive for ambitious employees with managerial aspirations, whether for a local or a foreign firm. A second important component of firm social capital is firm size. *Firm size* operationalizes the firm's own resources, heft and influence in the economy. Firm size is another important characteristic of a firm's peer network and access to resources. The third component included in the operationalization of firm social capital is firm age or number of years operating in the country. Previous studies have pointed to the impact of age on a firm's chances of success in new markets (Dowell and Killaly, 2009) and establishing a peer network (Reagans, 2011). The age of the firm in the country would be expected to correlate with the firm's network and resources, simply by the firm having had the time in the host country to accumulate them.

4.2 Outcome variables

I approximate the relationship of the variables of interest by linear regression functions. The main outcome variable of interest is a count of the number of female executives.[21] Since the distribution of the dependent variable is a count variable skewed left, I fit the model with a negative binomial regression[22] and include only

[21] Executive gender came pre-populated in the data set, and according to correspondence with the data provider, this information came from open sources ("through websites, press releases, etc."—personal correspondence with Orbis, 14 November 2017). Gender was available for 227,402 executives and was perfectly pre-populated in the data. Results are similar using ordinary least squares regression on female share, as seen in appendix table 2.

[22] I also ran the analysis as an ordinary least squares regression on the share of women in total executives and as a binary logistic regression on the likelihood of the executive being a woman, and the results are similar.

firms with a total executive gender count greater than zero.[23] This model jointly considers the supply of available executives and firms that hire them:

$$H_j = \alpha_0 + \alpha_1 \cdot ForeignHighWIM_j + \alpha_2 \cdot ForeignLowWIM_j + \alpha_3 \cdot FirmAge_j + \alpha_4 \cdot FirmAgeMissing_j + \alpha_5 \cdot FirmAge_j^2 + \alpha_6 \cdot Size_j + \alpha_7 \cdot Public_j + \alpha_8 \cdot TotalExecutives_j + \alpha_9 \cdot Country_j + \alpha_{10} \cdot Industry_j + u_j, \quad (1)$$

where H_j is the count of female executives at firm j.

Second, I run a binary logistic regression at the executive level on the probability that a female executive at a firm is in a top management supervisory or advisory role. Supervisory role is coded 1 when the job title includes the words chairman or chief executive, owner, founder, proprietor, head, chief, director, deputy, vice, partner or manager. Supervisory role is coded 0 when the job title includes the words senior, advisor, signatory, and other categories.[24]

$$S_i = b_0 + b_1 \cdot ForeignHighWIM_{j(i)} + b_2 \cdot ForeignLowWIM_{j(i)} + b_3 \cdot FirmAge_{j(i)} + b_4 \cdot FirmAgeMissing_{j(i)} + b_5 \cdot FirmAge_{j(i)}^2 + b_6 \cdot Size_{j(i)} + b_7 \cdot Public_{j(i)} + b_8 \cdot TotalExecutives_{j(i)} + b_9 \cdot Country_{j(i)} + b_{10} \cdot Industry_{j(i)} + u_i \quad (2)$$

where S_i is the binary outcome that a female executive i is in a supervisory role. In total, the data include 33,931 women with supervisory roles.

4.3 Explanatory and control variables

A firm is defined as foreign when the firm's global ultimate owner (GUO) country code was different from the firm's country code and the GUO country had a greater share of women in management than the GCC country with the highest share (Kuwait at 13.9 per cent). For the foreign dummy, a firm had a 0 if the GUO country code was the same as the country of operation or the GUO

[23] See footnote 21.

[24] I draw from firm-level data in order to understand the firm-level predictors of female executive leadership and employment. My analysis of women executives at the firm level does not directly address the labor demand for female employees at lower levels in the company; indeed, results may not correlate for female employees and executives, as was found for female board members in Norway (Bertrand *et al*., 2014). It is difficult to obtain employee demographic data without the participation of firms because many firms do not report, let alone track, this kind of information. Because of the lack of data on the gender composition of firm employees, here I focus on executives across a range of countries with low rates of female labour force participation as an integral part of the firm's organizational culture rather than aggregated along with total firm employment.

country had the same or a lower percentage of women in management as the country of operation. Foreign firms were coded in this way to account for some foreign firms having lower percentages of women in management than the GCC country with the highest share of women in management.[25] To distinguish among foreign firms, those from countries with more than 13.9 per cent women in management are labeled as "foreign high WIM," and those from countries with less than 13.9 per cent women in management are coded as "foreign low WIM." In the sample, the former amount to 575 and the latter to 739 firms.

Additional controls include firm age, which is calculated as 2016 (the year the data were downloaded) minus the year of incorporation. Because of the large number of missing age variables, a dummy variable for those firms with missing age variables was created in order to include them in the regression. Firm age squared was also included in order to test for non-linearity of age effects. The total number of executives was compiled by adding those executives for whom gender (male or female) was specified. Firm size was calculated from Orbis's pre-populated Category of the Firm variable, which defines firms as small (15 or fewer employees or the default category when otherwise not mentioned), medium (15–149 employees), large (150–999 employees) and very large (1,000 or more employees). In total, the data include 78,186 small, 53,875 medium, 5,454 large, and 2,223 very large firms; country and industry fixed effects were included. Industry fixed effects were constructed as dummy variables based on the pre-populated BvD Major Sector variable.[26] Last, because scholars have found the role of public sector firms to be significant in income inequality and democracy (Lee 2005), and relevant in this setting as the largest employer of local population, public sector status (GUO is the government or a ministry) was included.

[25] See table 1 for the data sources for the percentage of women in management and for a breakdown of the countries included in the foreign category.

[26] The BvD Major Sector variable is derived from the detailed cross-reference system in BvD Orbis "linking multiple national and international industry classification systems from around the world" (Orbis Internet User Guide 2007, page 85: https://www.bib.uni-mannheim.de/fileadmin/ub/pdf/Fachref/BWL/OrbisInternetUserGuide.pdf).

5. Results

To answer the first question of whether multinational foreign firms or local firms are more likely to have female executives, we look at the results in table 2.[27] From these results, we conclude that foreign firms from countries with either high or low shares of women in management tend to hire fewer or not significantly different shares of female executives than do domestic firms. These results are robust to adding controls for firm age, firm size, and industry. Small firms and younger firms are more likely to have more female executives. For older firms, the negative effect of age increases. Therefore, we find that in foreign firms, even those from countries with higher shares of women in management, the presence of female executives does not significantly differ from that of local firms, when operating in countries with lower shares of women in management. This evidence is consistent with the first part of hypothesis 1b, based on theory from institutional isomorphism: *Foreign firms from countries with higher shares of women in management should not have a significantly different presence of female executives, nor should they differentially place them in supervisory roles, relative to local firms when operating in countries with lower shares of women in management.*

Theory from the literature on firm isomorphism would suggest that firms may simply adjust to the gender-segregated social norms of the host culture and disregard strategies of hiring women into executive positions. This could be one way to interpret the result that foreign firms are not more likely than local firms to hire women into executive positions. However, another possibility is that firms do not have the means (firm social capital) with which to recruit and hire women into executive positions. To further test the mechanism by which firms do act within their means, once they hire women in executive positions, we can observe what kinds of roles they are assigned within the organization. To answer this question, we look at the results of the executive-level analysis.

I use binary logistic regression to test whether a female executive is a supervisor by GCC firm characteristics (table 3). Here we see that foreign firms are significantly less likely to place women in supervisory roles, and this finding is robust to size category and firm age controls. The findings at the executive level are consistent with the second half of hypothesis 1c: *Foreign firms from countries with higher shares of women in management should have a lesser presence of female executives and be less likely than local firms to place them in top supervisory roles when operating in countries with lower shares of women in management.*

[27] A negative binomial regression was the best fit count model for a dependent variable with a large number of zeroes.

Table 2. GCC firm negative binomial regression on female executive count

	Model 1	Model 2	Model 3	Model 4	Model 4 (without small firms)
	B (SE)	B(SE)	B(SE)	B(SE)	B(SE)
Firm social capital					
Foreign high WIM	-0.25*	-0.24*	-0.15	-0.17	0.10
	(0.10)	(0.10)	(0.10)	(0.11)	(0.11)
Foreign low WIM	-0.19*	-0.16	-0.09	-0.06	0.03
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Firm age	-	-0.03***	-0.03***	-0.03***	-0.03***
		(0.003)	(0.003)	(0.004)	(0.004)
(Firm age missing)	-	-0.10***	-0.24***	-0.13**	-0.27**
		(0.03)	(0.03)	(0.04)	(0.08)
(Firm age squared)	-	0.0002**	0.0003***	0.0003**	0.0005***
		(0.00007)	(0.00007)	(0.0001)	(0.0001)
Size					
Small	-	-	1.37***	1.44***	
			(0.11)	(0.12)	
Medium	-	-	1.17***	1.24***	0.49***
			(0.11)	(0.12)	(0.11)
Large	-	-	1.04***	1.02***	0.37***
			(0.11)	(0.12)	(0.11)
Very Large	-	-	-	-	-
Public sector	-	-	-	*-0.99***	*-0.33*
				(0.34)	(0.24)
Total executives	0.11***	0.13***	0.16***	0.18***	0.10***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Country fixed effects	✓	✓	✓	✓	✓
Industry fixed effects	-	-	-	✓	✓
N	139,549	139,549	139,549	94,365	52,837
Log pseudolikelihood	-89,278.33	-88,949.06	-88,542.83	-58,344.60	-27,019.14
Pseudo R^2	0.08	0.08	0.09	0.10	0.04

Source: BvD Orbis 2016.
Note: Significance is reported at the ***p < .001, **p < .01, *p < .05 levels. Robust standard errors are reported. Foreign high WIM = from a GUO country with a share of WIM higher than 13.9 per cent. A checkmark indicates that fixed effects were included.

Executive-level evidence supports the theory that foreign firms, despite coming from cultures with a higher share of women in management, are less likely to hire women into upper-level management and supervisory roles. The findings provide evidence that foreign firms may lack, or that local firms may have greater, firm social capital with which to source, recruit and attract local women into supervisory positions.

Table 3. Female executive is a supervisor by GCC firm characteristics (binary logistic regression)

	Model 1		Model 2		Model 3		Model 4		Model 4 (without small firms)	
	B	OR	B	OR	B	OR	B	OR	B	OR
Firm social capital										
Foreign high WIM	-2.42	0.09***	-2.27	0.11***	-2.24	0.11***	-1.97	0.14***	-2.10	0.12***
	(0.35)		(0.34)		(0.36)		(0.34)		(0.34)	
Foreign low WIM	-1.67	0.19***	-1.60	0.19***	-1.64	0.19***	-1.54	0.21***	-1.26	0.28***
	(0.42)		(0.39)		(0.40)		(0.33)		(0.32)	
Firm age	-		-0.09	0.92***	-0.09	0.92***	-0.08	0.92**	-0.08	0.92***
			(0.02)		(0.02)		(0.02)		(0.02)	
(Firm age missing)	-		-1.26	0.35***	-1.05	0.35**	-1.46	0.23***	-1.25	0.28***
			(0.22)		(0.24)		(0.26)		(0.35)	
(Firm age squared)	-		0.001	1.00***	0.001	1.00***	0.001	1.00***	0.001	1.00***
			(0.0003)		(0.0003)		(0.0003)		(0.0003)	
Size										
Small	-		-		0.08		0.59	1.80***	-	
					(0.23)		(0.20)			
Medium	-		-		0.72	2.05***	0.66	1.93***	0.18	1.20
					(0.23)		(0.19)		(0.21)	
Large	-		-		-0.16		-0.23	0.80	-0.65***	0.52***
					(0.24)		(0.20)		(0.21)	
Very Large	-		-		-		-		-	
Public sector	-		-		-		-1.20	0.30**	-0.88	
							(0.46)		(0.49)	
Total executives	0.04	1.04***	0.04	1.04***	0.04	1.04***	0.07	1.07***	-0.002	
	(0.007)		(0.008)		(0.008)		(0.007)		(0.006)	
Country fixed effects	✓		✓		✓		✓		✓	
Industry fixed effects	-		-		-		✓		✓	
N	41,742		41,742		41,742		27,322		10,397	
Log pseudo-likelihood	-10,400.99		-10,370.97		-10,343.65		-9,469.01		-1,318.08	
Pseudo R^2	0.48		0.49		0.49		0.32		0.30	

Source: BvD Orbis 2016.

Note: Significance is reported at the *** p < .001, **p < .01, *p < .05 levels. Supervisor includes any job title with the words chairman or chief executive, owner, founder, proprietor, head, chief, director, deputy, vice, partner or manager, and the excluded categories are any job title with the words senior, advisor, signatory and any other title not listed. Names can be repeated (i.e. the same name can be listed in more than one job title). Robust standard errors are reported. Foreign high WIM = from a GUO country with a share of women in management higher than 13.9 per cent.

5.1 Robustness checks

Additional robustness checks – not shown in published tables – included rerunning the firm-level analysis at the executive level on the likelihood that the executive is female; limiting the analysis to firms with at least 300 employees, as is more standard in previous studies using Orbis data (but with the sample reduced to 9,829 executives from 227,402); and clustering standard errors at the firm level. The main results were unchanged. Foreign firms were not significantly more likely to have a female executive, but the coefficient on foreign firms was negative. I controlled for an interaction between the oil industry and foreign status in order to test propositions in Ross (2008) that oil production is negatively correlated to female labour force participation, but these controls were not significantly associated with the hiring of female executives.

For the small sample of female executives with data on nationality, I replicated the analysis to see whether the results are robust to executive nationality. The findings are robust to female nationality: foreign women are extremely unlikely to be placed in a supervisory role at a foreign firm, whereas local women in the sample foreign firms are not more or less likely to be placed into supervisory roles. These findings indicate that foreign firms are not more likely to place women, not even foreign women, into supervisory roles.

6. Conclusion

In this paper, I propose a theoretical mechanism, insider's advantage, measured by firm social capital, as one way to explain why foreign firms do not always capture opportunity in the local labour market. A large data set of executives across six countries in a region with some of the lowest rates of female labour force participation in the world provides a setting in which multinational production does not necessarily lead to greater numbers of women in management. Relative to foreign firms, local firms may have greater firm social capital, or access to networks and resources, with which to recruit local women into executive positions.

These findings add nuance to previous work that has documented an outsider's advantage for foreign firms (Siegel *et al.,* 2018) and home-country network advantage for United States firms (Guler and Guillén, 2010) by seeing whether network advantage transfers to foreign markets with divergent cultural business norms. Whereas other researchers find positive effects from multinational firms operating in China (Tang and Zhang, 2016) and Japan (Kodama *et al.,* 2016), I find the opposite result when looking at a large sample of executive data across six countries and all industries in the GCC. This paper shows that in the case of executive hiring outcomes in countries with patriarchal norms multinational firms

may even overcompensate for local customs by hiring female executives at much lower rates than in their home countries (see table 1).[28] The findings show that outsider's advantage may not be uniformly used but rather may be activated only under certain conditions – subject to access to relevant local social networks and resources – that enable firms to exercise their advantage. From my findings, foreign networks do not appear to cross into these new markets with respect to the outcomes of hiring female executives.

These findings have natural policy implications, including for human resource practitioners and policymakers. Human resource managers at foreign firms may seek to build their local employee networks from which to increase their firm's insider advantage. This could mean investing more in recruitment of locals and learning from the recruitment strategies and practices of local firms in countries of operation. Labour market policies that regulate localization quotas for foreign firms could be accompanied by training of foreign firms by local labour officials on the best practices for hiring and recruiting local workers. Policymakers who aim to increase demand for female labour force participation in GCC countries may be tempted to attract investment from firms whose home countries have greater rates of female labour force participation. Yet, the findings from this paper suggest that in GCC countries foreign firms are not more likely than local firms to hire women for managerial positions and are less likely to place them into supervisory roles. A better understanding of firm social capital and networks in host versus source countries, as begun in this paper, can help inform future studies of the mechanisms by which global gender inequality in management persists.

[28] In a separate project, the author conducted five in-depth, semi-structured interviews with United States diversity managers across a range of industries; four interviews were with diversity managers in multinational firms. These preliminary interviews provide examples to support the idea that executives at foreign firms pursue diversity policies in context with their country of operation and may hesitate to pursue uniform diversity policies by Western standards in non-Western contexts. Further research should investigate the consequences of heterogeneous application of diversity policies on gender inequality in executive employment.

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Appendix

Appendix Table 1. Descriptive statistics comparing full sample and analysis sample

	Full sample	Analysis sample
Number of executives	788,330	227,402
Number of firms	692,165	139,738
(by firm size)		
Small	593,715	78,186
Medium	88,579	53,875
Large	7,260	5,454
Very large	2,610	2,223

Source: BvD Orbis 2016.

Appendix Table 2. GCC firm ordinary least squares regression on female executive share

	Model 1 B(SE)	Model 2 B(SE)	Model 3 B(SE)	Model 4 B(SE)	Model 4 (without small firms) B(SE)
Firm social capital					
Foreign high WIM	-0.07***	-0.06***	-0.04***	-0.04***	-0.01
	(0.008)	(0.008)	(0.008)	(0.008)	(0.009)
Foreign low WIM	-0.06***	-0.05***	-0.03***	-0.02**	-0.01
	(0.009)	(0.009)	(0.009)	(0.01)	(0.01)
Firm age	-	-0.00***	-0.005***	-0.006***	-0.005***
		(0.0003)	(0.0003)	(0.0004)	(0.0004)
(Firm age missing)	-	-0.06***	-0.08***	-0.05***	-0.08***
		(0.004)	(0.004)	(0.005)	(0.006)
(Firm age squared)	-	0.00004***	0.00005***	0.00007***	0.00007***
		(0.000006)	(0.000006)	(0.000007)	(0.000007)
Size					
Small	-	-	0.10***	0.08***	
			(0.004)	(0.004)	
Medium	-	-	0.05***	0.04***	0.05***
			(0.004)	(0.004)	(0.004)
Large	-	-	0.01***	0.008*	0.01**
			(0.004)	(0.004)	(0.004)
Very Large	-	-	-	-	-
Public sector	-	-	-	-0.02*	-0.01
				(0.01)	(0.01)
Total executives	-0.005***	-0.002***	0.0009*	0.002***	0.001***
	(0.0004)	(0.0004)	(0.0004)	(0.0004)	(0.0004)
Country fixed effects	✓	✓	✓	✓	✓
Industry fixed effects	-	-	-	✓	✓
N	182,723	182,723	182,723	128,263	69,087
R^2	0.04	0.05	0.05	0.03	0.03

Source: BvD Orbis 2016.

Note: Significance is reported at the ***p < .001, **p < .01, *p < .05 levels. Robust standard errors are reported. Foreign high WIM = from a GUO country with a share of women in management higher than 13.9 per cent. A check mark indicates that fixed effects were included.