INVESTING IN EQUALITY: A CASE FOR MOTIVATING GENDER EMPOWERMENT THROUGH FOREIGN DIRECT INVESTMENT

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By

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ABSTRACT

Policy makers often strategically leverage foreign direct investment (FDI) to boost economic productivity and bring technological innovations into domestic economies. Expanding the theory of these positive economic spillovers to include socio-cultural factors in FDI spillovers, this paper presents FDI as a transmission mechanism for gender equality. Using a novel dataset covering 91 countries and a time span ranging from 1972 to 2013, this paper concludes that that FDI has no statistically significant impact on gender wage gaps. Despite increasing firm-level initiatives on gender equity, empirically, aggregate FDI currently fails to overcome domestic cultural barriers to influence gains in gender equity. This conclusion contributes to growing literature on trade openness and the gender wage gap by presenting FDI as a potential public policy instrument to support countries advancing gender parity in the domestic society and the larger economic arena.
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1 Introduction

Gap Inc.’s laudable Personal Advancement and Career Enhancement (PACE) programs embody firms’ increasing interest in tackling gender integration in their supply chains. Between 2009 and 2013, the International Center for Research on Women (ICRW) conducted program evaluations at six PACE locations in Asia. Of the PACE participants surveyed in India, 58% said that they were more likely to receive promotions and higher wages. In Bangladesh, 72% of PACE participants reported feeling that members of their family respected their opinion (ICRW 2013). Acknowledging that actions on gender empowerment increase firm productivity and provide marketing benefits, many private sector actors are currently incorporating gender equality into their business model. Companies with active empowerment initiatives span diverse industries, ranging from Coca-Cola, to Ernst and Young, and Wal-Mart (Nelson, J., McGee, H., Porth, M., Valikai, K., 2015).

Beyond better business practices, these potentially high-impact, micro-level initiatives spearheaded by firms seeking to improve gender equity in their supply chains have the potential to influence broader societal cultural norms by facilitating gender equity spillovers into the larger economy. Literature analyzing spillover effects of international trade and commerce recognizes foreign direct investment (FDI) as a transmission channel through which investee nations can improve economic productivity and technological capabilities (Blomstrom and Kokko, 1998; Saggi 2002; Gorg & Greeaway 2004; Girma, Gorg, & Pisu 2008). This paper strives to expand the international spillover discussion by presenting FDI as a transmission mechanism to increase gender equality in the international economy.

Primarily, this paper evaluates the following question:

Does FDI influence gender equality in investment receiving countries?
The proceeding analysis first discusses the theoretical foundation motivating firm initiatives on gender equality, and identifies spillover channels through which firm actions impact societal gender equity. Using literature on traditional FDI spillovers, the theory of change recognizes two motivations for firm action on gender equality. Directly, firms engage in gender empowerment to maintain commitments to corporate social responsibility. Indirectly, foreign firms preserve a skilled and trained workforce to ensure maximum production and productivity. Thus, firms have an incentive to motivate women’s labor force participation, offer higher wages and improve working conditions. In line with traditional theory, these preferences spread through the domestic economy via imitation, supply chain linkages, or worker turnover. (Crespo and Fontoura, 2007; Saggi 2002). However, before firm-level initiatives dissipate through the broader economy, they must overcome unique cultural barriers. The filtering effect of domestic cultural norms ultimately determines FDI’s ability to influence broader gender equity.

Therefore, the primary hypothesis of this paper asserts that FDI spillovers currently fail to overcome domestic cultural norms to influence narrowing of the gender wage gap in the aggregate economy. Despite theoretical support for the positive impacts of productivity and knowledge spillovers connected to FDI, aggregate empirical analyses disagree on direction and magnitude of spillover effects. Furthermore, FDI’s ability to address gender equity abroad assumes gender equal norms prevail in the origin country. Yet, true gender equality continues to evade both developed and developing societies.

The hypothesis that FDI spillovers currently fail to influence broader economy-wide spillovers is tested using a novel data set covering 91 countries between 1972 and 2013. Results of this analysis support the hypothesis, displaying no impact of FDI on domestic gender wage
gaps. These results persist despite variations in model specifications. Expanding on these results, a second analysis uses the World Value Surveys to highlight the importance of cultural norms in determining domestic gender equality.

Finally, the paper concludes by discussing the larger implications of FDI’s current inability to impact socio-cultural norms, ultimately advocating for further research on the successes of firm-level initiatives. This paper contributes to growing literature analyzing determinants and differences of international labor standards in the context of international capital flows and trade relationships. Based on the theory presented, FDI has the potential to motivate gender equality. However, these firm-level initiatives must be supported by public policy action to successfully circumvent strong cultural influences hindering gender equality.

2 Theoretical Foundations

The theoretical model uses past studies to identify transmission mechanisms through which FDI influences a country’s economic gender integration. The following section surveys current literature on traditional FDI spillovers, and explores the relationship between economic openness and gender empowerment. Then, the section culminates by presenting a theory outlining firm-level channels through which FDI influences gender equality in investee nations.

2.1 Traditional FDI Spillovers

Despite disagreement on the empirical magnitude and direction of the relationship between FDI and productivity spillovers, the literature assessing broader economic impacts of FDI generally concurs on FDI’s ability to impact domestic economies. Theoretically, spillover literature generally agrees on the existence of positive externalities resulting from FDI. (Saggi
Firm-specific initiatives influence domestic economic productivity by bringing in new production technologies and facilitating technology transfers through worker mobility, imitation, and supply chain linkages. The discrepancies in empirically measuring spillover effects of FDI stem from attempting to capture the complexity of diverse economic actors into aggregate models.

Empirical models measuring spillovers have focused primarily on industry and country-level effects, finding evidence supporting positive productivity and knowledge externalities related to FDI. (Smarzynska 2004; Branstetter 2006; Kugler 2006; Bitzer and Kerkes, 2008) Crespo and Fontoura (2007) survey FDI spillover literature, primarily contending that firm nuances, industry specifications, and country contexts render aggregate models inconclusive. Other surveyors including Blomstrom et al. (1998), Girma, Gorg, and Pisu, (2008), Gorg and Greeaway (2004) and Saggi (2002) agree that FDI distinctions hinder aggregate analyses of FDI spillovers. Javorcik and Spatareanu (2005) similarly warn against using aggregate FDI to measure spillovers due to distinctions at the firm and country level that impact the ability of firm initiatives to spillover into the global economy.

Beyond economic effects, Mosely and Uno (2007), notice FDI spillovers in labor rights and regulation. Through their disaggregated study, Mosley and Uno establish a positive correlation between FDI and worker rights, but present a negative relationship between trade and worker’s rights. Exporting firms, motivated to relocate abroad to maximize production margins and increase global competitiveness, negatively impact domestic labor standards. Comparatively, investing firms seeking regional market access create opportunities for positive labor spillovers. Fosfuri, Motta and Ronde (2001) support Mosley’s empirical conclusions by
theoretically arguing in favor of FDI spillovers in labor due to firm’s desires to offer higher wages to skilled workers using innovating production technologies.

Similar to traditional spillover literature, the positive impact of FDI on labor is empirically contested. Glass and Saggi (2002) present the alternative, where firms offering higher wages to skilled workers prevent technological and productivity diffusions through the domestic economy. Davies and Vadlamannati (2013) cite the negative impacts of FDI, recognizing the role of global competition in reducing labor standards. Furthermore, these positive spillovers may not cover the entire workforce. Gopinath and Chen (2010) find evidence of increasing wage gaps between skilled and unskilled workers in developing countries due to increased FDI inflows. Ultimately, firm motivations play a large role in determining the exact ability of FDI to impact broader societal spillovers.

2.2 Women’s Wages & Trade

Generally, the literature supports the idea of positive gender spillovers related to FDI. Studies on gender wage gaps and economic openness apply traditional economic models to explain increased gender integration. Korinek’s (2005) findings show a positive correlation between the prevalence of export industries in the domestic market to an increased demand for women in the workforce. A foreign firm’s entry into the domestic market increases demand in labor markets, encouraging previously disengaged populations to become economic actors. Using Becker’s (1957) model on discrimination in the labor market, Oostendorp’s (2004) aggregate empirical analysis positively correlates FDI inflows to narrowing wage gaps in low-skilled occupations. Globalization increases competitive market forces, forcing discriminatory firms out of the market due to higher costs associated with maintaining discriminatory firm’s
biased utility. (Black and Brainerd, 2002) Similarly, Zweimuller et. al (2007) connect increased market orientation in national economies, to a reduction in the gender pay gap. Beyond motivating women’s economic participation, trade liberalization increases competitive pressures on discriminatory firms, reducing their ability to partake in inequitable behavior.

2.3 Channels of Influence

Evaluating the relationship between FDI and labor standards views labor as a factor input for profit-maximizing firms. Figure 1 lays out the theory of change expected for firms to improve gender conditions in host countries. Firms entering foreign markets have two unique outlooks that contribute to positive gender integration. First, a firm motivated by asserting a unique market identity in a competitive market enhances and protects gender rights to maintain corporate commitments to social responsibility. These investors have clear missions dictating foreign interactions engaging in sustainable development. (Nelson et al. 2015)

The second path for improving gender norms follows motivations of traditional, profit-driven firms without clearly defined altruistic missions. Foreign firms entering the domestic market seek competitive advantages in local factor utilization, and offer higher wages and better working considerations to recruit and retain a skilled workforce. Worker training and skills development represent fixed costs for firms, creating cost-motives for retaining able employees. Employees who leave the firm to develop their own business ventures cycle through a similar fixed-cost employee training process, fostering gender equality spillovers outside of the foreign firm. (Fosfuri, A., Motta, M., & Ronde, T., 2001). Ultimately, these individual incentives culminate in improved domestic gender equality.
Finally, the model recognizes that all firm interactions in the domestic economy must be filtered through national cultural gender norms, acknowledging the limitation of a singular firm’s capacity to motivate societal gender equality. FDI’s ability to influence gender equality depends on FDI’s clout with domestic institutions. Ultimately, successful spillovers require firms to impact domestic institutions. (Kwok and Tadesse 2006) In countries with strong cultural filters and weak institutions, the foreign firm will have no spillover effects on influencing comprehensive gender equity. (Demir 2016) The importance of these cultural filters in gender equality creates opportunities for public policy intervention.

Figure 1: Theory of Change Motivating Firm-Level Gender Improvements

To facilitate economy-wide reductions in the gender-wage gap, firms must overcome domestic cultural barriers that preserve gender inequality. Due to the many nuances highlighted in FDI spillover literature and the persistent nature of both gender inequality and gender wage
gaps in both developed and developing countries, I expect that the theorized positive spillovers from FDI have yet to overcome domestic cultural norms, thus have no impact wage equality in investee nations.

\textit{H1: Foreign direct investment spillovers fail to overcome domestic cultural norms to narrow the gender-based wage gap in the aggregate economy.}

Ultimately, public policy must complement private sector initiatives to gain full empowerment benefits of micro-level interventions.

\section*{3 Empirical Analysis}

The following section describes the empirical model and the unique data set created to test for gender related FDI spillovers. The empirical analysis detailed below proceeds in two stages. The first model establishes the direct relationship between the gender wage gap and FDI. Next, the filtering effect of cultural norms is established in a regression measuring the impact of cultural context on the gender wage gap.

\subsection*{3.1 Empirical Model}

To alleviate variation due to unbalanced panel data, the empirical test of this hypothesis uses a Generalized Least Squares regression with year fixed effects controlling for global economic variation such as large-scale economic downturns that impact firm employment and wage decisions. The following model captures the baseline analysis of FDI’s impact on gender wage gaps:

\begin{equation}
G_{it} = \alpha + \beta_1 F_{it} + \beta_2 X_{it} + \lambda_t + \mu
\end{equation}
Equation A lays out the baseline model with dependent variable $G$, percentage wage gap for a country $i$ at time $t$. The main independent variable on the right-hand side, $F$, captures the ratio of net FDI inflows over GDP for country $i$ at time $t$. All of the other independent variables are captured by $X$ for each country $i$ at time $t$. Year fixed effects are included in $\lambda_t$.

3.2 Data Descriptions

Table 1 summarizes variables and data sources for the aggregated dataset used in this study. The data set uses a country code and year match system to merge country-year level data from multiple sources including: International Labour Organization’s ILOSTAT, World Bank’s World Development Indicators, World Value Survey, and the United Nation Conference on Trade and Development’s Bilateral FDI inflows. Each row in the dataset creates a country-row pair, with data coverage ranging from 1970 to 2012.

3.2.1 Dependent Variable

ILOSTAT (2013) contains statistics on the percent wage gap between male and female workers in a country over time. This variable covers years spanning from 1972 to 2013, but lacks consistent coverage across the full data set. In total, the percent wage gap dependent variable contains 666 observations. The dependent variable is included in the model in both actual percent gaps, and lagged percent gaps. The one-year lag on the wage gap allows the model to consider the highly persistent nature of the wage gap as an indicator for women’s empowerment.
3.2.2 Independent Variable: FDI

World Bank’s aggregated FDI inflows as percentage of GDP variable provides net FDI inflows data at the country-year level from 1970 to 2012. Allowing the impact of FDI inflows to depend on national GDP eliminates potential spurious influence in determining FDI’s ability to influence the domestic economy (Mosley and Uno 2007; Oostendorp 2004). Regional aggregate FDI inflow data comes from United Nation Conference on Trade and Development’s (UNCTAD) nationally reported bilateral FDI inflows data disaggregated on a country-year level by FDI origin country or region. UNCTAD notes the inherent discrepancies present in FDI data due to incongruities on how countries register FDI transactions and whether or not re-investments are included in national FDI reports.1 This variability could influence model results due to under reporting of foreign re-investments in the domestic economy, and further highlights the need for better FDI data collection.

3.2.3 Controls

The controls in this model are limited to GDP per capita and logged population to prevent potential multicollinieriety in the panel. Following model structures utilized by Mosely and Uno (2007), and Oostendorp (2004), GDP and population are chosen to control for country’s actual size and economic capacity, both of which have the potential to influence gender equity. Measured using gross domestic product per capita, economic growth is expected to positively correlate with gender equality. Oostendorp (2004) presents evidence for a narrowing of the wage gap with increasing GDP per capita. Logged measure of population is included in the model as a proxy for the size of the country. Similarly, population growth’s impact on gender

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1 On the issue of congruency of inflow/outflow reporting on bilateral FDI, UNCTAD notes an “apparent lack of comparability of FDI data reported by different countries” due to methodological and categorization discrepancies in national data collection. (unctad.org)
equity depends on a country’s institutional capacity. When population growth surpasses institutional capacity to regulate equality, incentives for economic actors to revert to discriminatory practices increase (Mosely and Uno 2007). Both GDP and population growth are included as crucial controls to accommodate size and wealth influences, capturing a country’s general capacity to influence and maintain equality.

3.3 Results

3.3.1 Baseline Results

The aggregate empirical analysis of FDI and the gender wage gap is inconclusive. The lack of empirical evidence supporting a relationship between FDI and the gender wage gap is illustrated in the scatter plot below (Figure 2). Although the data indicate a potential negative relationship between FDI and the gender wage gaps, large FDI recipient countries, including Luxembourg and Hong Kong, which serve as major tax havens, drive this downward slope. Removing these outliers from the analysis does not change the underlying result of the regression. FDI’s influence on the gender wage gap remains very small, and the results are inconclusive. Table 2 in the appendix contains results from the baseline regression.

The GLS framework is cited in the literature as an effective way to control for serial correlation and heteroscedastic error in panel regressions. (Hoechle 2007) The possibility of similar countries having similar wage gaps supports use of the GLS model. Furthermore, the GLS model is appropriate due to the highly persistent nature of the gender wage gap and the resulting possibility of autocorrelation in the underlying error terms. Data coverage variability, including large data gaps, and the resulting unbalanced panel further justify use of the GLS model.

2 The Financial Secrecy Index identifies countries with non-transparent financial services to help identify potential tax havens. In 2015, Luxembourg ranks 6th and Hong Kong 2nd for the provision of financial secrecy. (http://www.financialsecrecyindex.com)
Despite distinct specification developments, FDI inflows, as a ratio to domestic GDP, remain statistically insignificant. Although the coefficients cannot be directly interpreted, it is worth noting that in every model specification, the FDI variable maintains a negative sign. This lack of relationship between FDI persists despite variations in the dependent variable by introducing a one-year lag on the right-hand side.

Figure 2: Relationship of Gender Wage Gap & Net FDI Inflows

Having established an insignificant relationship between FDI and the gender wage gap, the first robustness check further investigates whether FDI has any effect on other dimensions of gender inequality. Figure 3 illustrates the relationship between net FDI inflows and three integration measures: Labor force participation rate of women, proportion of seats held by women in the national parliament, and percent of female leaders (women legislators, senior
officials, and managers as a percent of total). Appendix table 2 contains GLS regression results for this robustness check. Net FDI inflows as a percentage of GDP maintains its statistical insignificance through all three regressions. As expected, the coefficient on FDI becomes positive with the three new measures of gender equality, as opposed to negative with wage gap as the dependent variable. The positive relationship between FDI and women in the labor force and women in parliament is well documented (Gray et al 2006).

Figure 3: Relationship of Empowerment Measures & Net FDI Inflows

Recognizing aggregate FDI’s inability to influence any indicator on gender integration, the next robustness check considers whether origin region for FDI matters. The framework presented in Figure 1 above assumes that a gender-equal country invests in a gender-unequal country, producing positive socio-cultural spillovers. However, considering the diversity of gender parity among high-income OECD countries, where the wage gap ranges from low of 5.6 percent in New Zealand and a high of 36.6 percent in the Republic of Korea, origin country
could influence FDI’s relationships to domestic gender wage gaps.\(^3\) Using regional aggregate data from UNCTAD, the baseline model is replicated for three FDI origin regions: U.S., European Union, and Asia. Results are located in Appendix Table 3.

Despite regional considerations, FDI maintains statistical insignificance. U.S. and European originating FDI deviates from prior results and have positive sign, but these signs revert to negative when the dependent variable is lagged. This variation alludes to potential omitted variable biases that require further analysis at the origin-country and industry level of FDI.

### 3.3.2 Cultural Influences on Gender Equality

With little empirical evidence supporting aggregate FDI spillovers in gender equity, the second model quantifies the filtering effect of culture on FDI by establishing a relationship between cultural attitudes and persistent gender inequality. Using a GLS model, wage gap variables are regressed on average national response rates to three gender-specific questions in the World Value Survey (WVS).

Responses to the WVS through six waves of survey administration covering years 1981 to 2014 provide data on a country’s domestic cultural preferences. Surveys are conducted on the individual level using questions gleaned from international social scientists. Questions addressing gender equality in a society range from surveying opinion on abortion, childcare, economic participation, political leadership, and discerning the ideal characteristics of a woman. Answers are predominately recorded using a Likert Scale ranging from strongly agree to strongly disagree with options for no response.

\(^3\) www.oecd.gov
To merge individual data with the country-year data set, individual survey responses are collapsed based on the country’s average responses in each category of the Likert response and backfilled through the five-year wave periods. The backfilling of survey responses increases data coverage and assumes five-year trends domestic cultural norms.

The following three questions are identified to measure cultural views on gender equity:

1) When jobs are scarce men should have more right to a job than women? (C001)
   Answer choices: Don’t Know | Agree | Disagree | Neither

2) Being a housewife just as fulfilling as working for pay. (D057)
   Answer choices: Don’t Know | Agree strongly | Agree | Disagree | Strongly Disagree

3) Men make better political leaders than women do. (D059)
   Answer choices: Don’t Know | Agree Strongly | Agree | Disagree | Strongly Disagree

In addition to consistent data coverage, these questions are chosen due their ability to reflect societal opinions on women in the workforce and leadership. As a country’s mean response rate increasingly disagrees with the posed questions, I expect the gender wage gap to narrow.

Despite each question’s distinct representation of the role of women in society including women at home, work, and in leadership, the results in all three models strongly indicate that traditional attitudes on women’s societal roles have large, statistically significant, impacts on gender wage gaps in a domestic economy. Specifically, when a country’s mean disagreement rate to the question reflecting traditional gender roles at time \( t \) increases, the wage gap decreases. This result persists when using the lagged wage gap measure and when diversifying the measure of gender empowerment by replacing the wage gap with women’s labor force participation rate and proportion of women in leadership. Introducing net FDI inflows as a percent of GDP in the model addressing cultural influences maintains both the statistically insignificant small negative
coefficient on FDI and the large statistically significant influence of cultural attitudes on wage gaps. The results for these three models are presented in Table 4 in the appendix.

These results support inclusion of a cultural filter in the FDI spillover transmission mechanism illustrated in Figure 1. Ultimately, leveraging FDI to influence broader societal spillovers, requires concerted policy interventions motivating national gender equality.

4 Conclusion

By testing for the aggregate impact of FDI on gender equity, this paper attempts to determine whether firm-level initiatives have spillover effects in increasing gender wage equality within a domestic economy. The empirical model fails to establish a statistically significant correlation between net FDI inflows as a percentage of GDP and a country’s domestic wage gap. Similarly, expanding the dependent variable to other measures of women’s empowerment fail to significantly relate aggregate FDI inflows to any influence on gender equity. Including measures for national cultural identities, measured through a country’s mean response rate in the World Value Survey, display strong cultural influences on gender equality in the domestic society. Ultimately, to successfully motivate economy wide gender empowerment, firm-level initiatives require additional public policy support to overcome these domestic cultural barriers.

Limitations of the analysis presented above include potential influences from diversely motivated FDI. The aggregate model captures all FDI, including FDI motivated by tax incentives. The theoretical mechanism of gender spillovers from FDI only considers investments with labor engagement. Furthermore, the relative nascency of firm interventions concerning gender inequality supports the empirical results. A recent McKinsey survey of 2,300 global corporate entities reveals that only 19% of the survey indicated initiatives focusing on women
(McKinsey 2010). It may be too early to empirically observe overarching global spillovers of firm’s relatively new engagement on gender integration. Despite the empirical insignificance presented in the model, micro-level firm initiatives launched by Gap Inc., and others have large impacts on program participants. These direct supply interventions are changing the lives of women internationally, and have the potential to impact broad economy-wide changes.

The analysis presented in this paper highlights the importance of cultural perspectives on gender equality, and recognizes FDI as a potential partner in global action to increase gender integration in the workforce and beyond. Public policy initiatives, such as the recent corporate board quotas passed in Germany, Norway, Spain, France, and Iceland, directly address the cultural norms that maintain gender unequal institutions and prevent FDI spillovers. Achieving true gender equality in the global society requires innovation and motivation. Partnering private initiatives with concerted policy action creates strong catalysts that have the potential to break lingering glass ceilings in modern society.
Appendices

A Data Descriptions

Table 1: Variable Descriptions

<table>
<thead>
<tr>
<th>Variable</th>
<th>Name</th>
<th>Source</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Wage Gap</td>
<td>Percent</td>
<td>p_w_gap</td>
<td>Percent difference between wages earned by males and females in domestic economy</td>
<td>Also defined with 1-year lag</td>
</tr>
<tr>
<td>Foreign Direct Investment: Net Inflows</td>
<td>fdi_in_ppgdp</td>
<td>World Bank’s Word Development Indicators (2013)</td>
<td>Net FDI inflows as percent of GDP</td>
<td></td>
</tr>
<tr>
<td>Women’s Empowerment Measures: Female Labor Force Participation Rate (15+)</td>
<td>f_lpart15p</td>
<td>World Bank’s Word Development Indicators (2013)</td>
<td>Female Labor Force Participation Rate aged 15+, Percent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Political Leadership</td>
<td>p_parliament_women</td>
<td>Proportion of seats held by women in national parliaments, Percent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Women in Leadership</td>
<td>p_leaders_women</td>
<td>World Bank’s Word Development Indicators (2013)</td>
<td></td>
</tr>
<tr>
<td>Cultural Perceptions on Gender Equality: Gender Roles in Work</td>
<td>WVS_jobscore_disagree</td>
<td>World Value Surveys (1981-2014)</td>
<td>Mean country “disagree” response rate to WVS question C001: Jobs scarce: Men should have more right to a job than women</td>
<td>Collapsed and backfilled through years in each WVS wave.</td>
</tr>
<tr>
<td></td>
<td>Gender Roles at Home</td>
<td>WVS_housewife_disagree</td>
<td>World Value Surveys (1981-2014)</td>
<td>Mean country “disagree” and “strongly disagree” response rate to WVS question D057: Being a housewife just as fulfilling as working for pay</td>
</tr>
<tr>
<td></td>
<td>Gender Roles in Politics</td>
<td>WVS_pollleader_disagree</td>
<td>World Value Surveys (1981-2014)</td>
<td>Mean country “disagree” and “strongly disagree” response rate to WVS question D095: Men make better political leaders than women do</td>
</tr>
<tr>
<td>Controls</td>
<td>GDP per capita, log</td>
<td>loggdp per capita</td>
<td>World Bank’s Word Development Indicators (2013)</td>
<td>Logged Gross Domestic Product per capita at purchasing power parity, constant 2005 international dollar</td>
</tr>
</tbody>
</table>
### B Empirical Results

**Table 2: FDI and Women’s Empowerment**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Percent Wage Gap</th>
<th>Labor Force Participation</th>
<th>Women in Parliament</th>
<th>Percent Women in Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI</td>
<td>-0.015</td>
<td>0.00041</td>
<td>0.000082</td>
<td>0.0015</td>
</tr>
<tr>
<td></td>
<td>(0.028)</td>
<td>(0.0015)</td>
<td>(0.0022)</td>
<td>(0.014)</td>
</tr>
<tr>
<td>GDP</td>
<td>-1.009***</td>
<td>-0.78***</td>
<td>1.32***</td>
<td>0.47**</td>
</tr>
<tr>
<td></td>
<td>(0.29)</td>
<td>(0.091)</td>
<td>(0.16)</td>
<td>(0.22)</td>
</tr>
<tr>
<td>Population</td>
<td>0.65***</td>
<td>0.17</td>
<td>1.11***</td>
<td>-1.06***</td>
</tr>
<tr>
<td></td>
<td>(0.24)</td>
<td>(0.11)</td>
<td>(0.13)</td>
<td>(0.18)</td>
</tr>
<tr>
<td>Constant</td>
<td>48.5</td>
<td>57.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(8.0)</td>
<td>(1.82)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>N</td>
<td>586</td>
<td>3,781</td>
<td>2,628</td>
<td>1,151</td>
</tr>
<tr>
<td>Wald Chi2</td>
<td>302.9</td>
<td>308.0</td>
<td>2,502.6</td>
<td>11,492.8</td>
</tr>
</tbody>
</table>

Notes: *** p<0.01; ** p<0.05; * p<0.1. Standard errors in parentheses.

**Table 3: Impact of FDI Origin**

<table>
<thead>
<tr>
<th>Dependent Variable: Percent Wage Gap</th>
<th>I</th>
<th>II</th>
<th>III</th>
</tr>
</thead>
<tbody>
<tr>
<td>US FDI</td>
<td>0.075</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.051)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU FDI</td>
<td></td>
<td>0.037</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.048)</td>
<td></td>
</tr>
<tr>
<td>Asia FDI</td>
<td></td>
<td></td>
<td>-0.026</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.023)</td>
</tr>
<tr>
<td>GDP</td>
<td>-1.29***</td>
<td>-1.14***</td>
<td>-1.6***</td>
</tr>
<tr>
<td></td>
<td>(0.25)</td>
<td>(0.25)</td>
<td>(0.52)</td>
</tr>
<tr>
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<td>(0.21)</td>
<td>(0.41)</td>
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<td>24.4</td>
<td>34.7</td>
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<td>(4.0)</td>
<td>(9.5)</td>
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<td>530.6</td>
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<td>29.02</td>
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Notes: *** p<0.01; ** p<0.05; * p<0.1. Standard errors in parentheses.
Table 4: Relationship between Cultural Perceptions and the Gender Wage Gap

<table>
<thead>
<tr>
<th>Dependent Variable: Percent Wage Gap</th>
<th>I</th>
<th>II</th>
<th>III</th>
</tr>
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<tr>
<td>Jobs Scarce</td>
<td>-11.3***</td>
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<td></td>
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<tr>
<td></td>
<td>(2.7)</td>
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</tr>
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<td>-17.3***</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(3.7)</td>
<td></td>
</tr>
<tr>
<td>Political Leader</td>
<td></td>
<td></td>
<td>-13.0***</td>
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<tr>
<td></td>
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<td></td>
<td>(3.4)</td>
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<tr>
<td>GDP</td>
<td>0.28</td>
<td>-0.37</td>
<td>0.51</td>
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<tr>
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<td>(0.54)</td>
<td>(0.56)</td>
<td>(0.59)</td>
</tr>
<tr>
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<td>-0.24</td>
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<td>202</td>
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<td>42.1</td>
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<td>1,688.1</td>
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</tbody>
</table>

Notes: *** p<0.01; **p<0.05; *p<0.1. Standard errors in parentheses.
References


