Nijmegen School of Management

Department of Economics and Business Economics

Master's Thesis Economics (MAN-MTHEC)

National culture and female employment by MNEs vs. domestic firms

By Anne Hoogendam (S1028145)

Nijmegen, 30 June 2023

Program: Master's Program in Economics

Specialisation: International Business

Supervisor: André van Hoorn

Radboud Universiteit

Abstract

The purpose of this thesis was to explore the effect of culture on the female employment rate of domestic firms and foreign multinational enterprises in developing countries. A quantitative analysis using the fractional logit model was used. The data is taken from the latest BEEPS dataset (2018-2020). It is found that only the gender inequality index has a negative and significant effect. There is no support for that foreign multinationals employ more women compared to domestic firms and there is also no significant moderating effect of culture. This thesis suggests that culture does affect the female employment in foreign multinationals and in developing countries foreign ownership does not lead to more female employees.

***Keywords*:** Female Labor Force Participation, outsider's advantage, strategy, culture, foreign ownership

Table of Contents

1 Introduction

Only half of the adult women participate in the labor force compared to three quarters of men (International Labour Organization, 2020; Jayachandran, 2021). Social norms shape people's objectives and performance in the labor market but also influence the labor market behavior (Tolciu & Zierahn, 2012). These social norms create cultural barriers to women's participation in the labor market. In developing countries women tend to have less power than men in the family and social encounters. The cultural barriers cause time and talents of women to be misallocated. By implementing a higher female employment rate, the GDP of developing countries can be increased (Jayachandran, 2021).

Gender inequality occurs in every country, and despite significant progress in some areas, gender equality has not yet been achieved. Women face discrimination in the labor market, at home, and in education (UNDP, 2020). This discrimination is often embodied in the male actors who prefer to work with men, but also in the glass ceiling imposed by senior male executives. These are often a form of policy that perpetuate inequalities. When entering a foreign market, multinationals must decide whether to hire and promote the minorities or conform to local practices. By hiring minorities, multinationals can benefit from underutilized talent, however this may offend local stakeholders (Appold, Siengthai, & Kasarda, 1998; Siegel et al., 2014; World Bank, 2018).

The goal of this study is to contribute to the literature of culture and female employment with the main focus of developing countries. Research show that foreign multinational enterprises (MNEs) are more likely to hire women compared to domestic firms (Siegel et al., 2014). However, culture also has an effect on the educational attainment of women and the female labor force participation. This thesis is about the moderating effect of culture on the employment of women between foreign multinationals and domestic firms. By studying this effect firms can implement policies to educate women within the firm, policies that would reduce bias within the firm against women. Also, governments can develop new policies for more opportunities of women within the workforce, or to be more financially independent of men. As mentioned before, women want to work, however they may not get the same opportunities that

men get, and foreign multinationals may be able to employ more women without receiving backlash that domestic firms may receive.

Women in emerging markets are ambitious and eager to work, but female workers are associated with persistent discriminatory social norms. These norms define the social roles and power relations between men and women in the societies (UNDP, 2020). Social norms limit opportunities for women and their choices. When multinationals hire more women, there may be a backlash from governments, consumers, and suppliers. Furthermore, male employees, they are less likely to cooperate with a female boss and they tend to bond less (Siegel et al., 2014).

MNEs usually have one management headquarters in one country while operating in host countries. Prior research on the practices of MNEs show that there is a non-inclusion in the local markets and networks. Often ignorance is a key component for the multinationals' liability of foreignness (Zaheer, 1995). MNEs will comply to the terms of social practices of the local social norms in order to reduce the liability of foreignness (Zaheer, 1995). However, research suggests that companies can gain advantage by exploiting the employment of the excluded group of workers (Becker G.S., 1972). Other studies show that conservative societies with high gender inequality have difficulty balancing social norms related to female labor force participation, where family dynamics may limit the ability of women to work (Blaydes, Gengler, & Lari, 2021). Within firms, however, social norms can influence the employment of women, as male employees may refuse to cooperate with a female boss and female employees may be excluded from bonding rituals (Siegel et al., 2014).

Other research show that culture influences the employment of women. Women face many difficulties entering in the labor force and maintaining a position. Women face cultural constraints from home, workforce, and institutions, creating gender inequalities (Hewlett & Rashid, 2010; Toh & Leonardelli, 2012; UNDP, 2020). There is previous research on the employment of women in MNEs and the effect of culture. But there is no study yet that focusses on the moderating effect of culture on the employment of women in MNEs versus domestic firms. Culture affects the female labor force participation (FLFP), and MNEs are interested in gaining from the underutilized group. The research question, however, is how the national culture moderates the employment of women by MNEs compared to domestic firms.

The rest of this thesis is organized as follows. Section 2 discusses a literature review about discussing culture and employment of women in firms and the relationship between the two. Section 3 discusses the main methods, dataset and description of the variables. In section 4 discusses the main results for the effects of MNEs and culture on the female employment rate. In section 5 the findings and their relation to prior research, the limitations and future research and the implications are discussed. In the last section the conclusions are presented.

2 Background and Hypotheses

2.1 National culture

The norms are set up with beliefs, attitudes and practices. These expectations of the female roles in the societies can determine how groups function. The social disagreement with female workers can guide the actions for firms and these discriminatory norms reinforce gender identities. Thus, beliefs about appropriate behavior determine the range of choices and preferences for individuals. The underlying force of norms is gender bias (UNDP, 2020) Gender biases are unconscious and are created by family norms and experiences. Compliance with gender norms is reinforced by rewards and sanctions. Furthermore, stigma can determine what is normal and what is not acceptable and can be used as a way to enforce stereotypes and social norms about appropriate behavior (UNDP, 2020).

Cultural constraints, particularly prevalent in emerging economies, limit women in many ways, such as conservative family dynamics (Blaydes et al., 2021; Choi, 2021; González & Kong, 2022; Hewlett & Rashid, 2010; UNDP, 2020; Yasmin, Safdar, Ali, & Ashraf, 2022) or unfriendly institutional policies towards women or families or in the workplace (Appold et al., 1998; Blaydes et al., 2021; Hewlett & Rashid, 2010; Kousar et al., 2019; Siegel et al., 2014; Toh & Leonardelli, 2012).

A view explaining the female labor force participation rate is the U-shape, where at low levels of economic development there is a high rate of female participation especially in production. The U-shape is found among different countries and can explain the low or rising female labor force participation rate. During the industrialization men have a comparative advantage since

work requires more physical labor. After labor force increases, because there is more educational attainment and more opportunities in the service sector, where women have the comparative advantage again (Jayachandran, 2021). So, men and women have comparative advantages in different fields of work, which means that they may also leave the labor force to perform unpaid work at home.

Cross-cultural differences of gender norms also drive the female labor force participation (FLFP) rate, where historical gender differences determine the current gender inequalities, which is called the Boserup theory of historical plow use. When men had an absolute comparative advantage in agriculture, the norm was that the men work. If the agricultural work was done by hand, men had a smaller comparative advantage. Then the gender division became the social norm, independent of the original rationale. The Boserup theory states that the more the country relied on agricultural plowing the larger the gender gaps, since the social norms were formed and persisted even though agriculture is no longer a major industry (Boserup, 1970; Jayachandran, 2021). There is support for the Boserup theory of historical plow use, this would explain the cross-cultural gender inequality differences. Social norms can be based on historical economic differences.

However, cross-cultural gender inequality differences may not only come from economical perspectives, but also due to religious reasons. The middle east has the highest gender inequalities on the employment rates, because the women may be “polluted” by men outside the family. This means that the women are not able to work since they have to protect their “purity”, and they will stay at home (Jayachandran, 2021).

Women face social barriers to entering the labor market, where they face market entry barriers from different cultures across countries. There are societal norms that pressure women to marry young and care for the family, thus leaving the labor market. In many developing countries, women are perceived as having no significant role in the economy, limiting their educational opportunities. Cultural barriers discourage women from staying in the labor market (Kousar et al., 2019; Siegel et al., 2014; Toh & Leonardelli, 2012). Blaydes et al (2021) found that Qatari women face work-family conflicts, where there is disagreement over the balance of household and work responsibilities. They found that the cultural constraints came mainly from within the

family rather than from outside. These constraints are being reinforced by the conservative societies based on family structures and roles (Blaydes et al., 2021).

Women face backlash not only at home, but also in the workplace. Usually, there is a social homophily, in which domestic firms may be reluctant to hire and promote women if demographic minorities are excluded from groups or positions. This can be enforced by internal political actions due to the possibility of lowering the symbolic benefits of achieving a status when the demographic minorities are involved (Shin et al, 2017). Social homophily can provide an answer to why employees may prefer some over others. Where women may be excluded from bonding activities and from exchanging favors. Or there may be men who refuse to cooperate with a female boss (Siegel et al., 2014). . This suggests that there may be need for social homophily in the workplace, and that corporate institutions may limit the hiring of women in order to create less friction (Shin et al., 2017).

Governments and institutions can influence the female labor force participation in several ways. They can spend on social services that increase the chances for women to enter the labor force by providing education, child care and paid leave. Since 70 percent of women say they are willing to work, but only 52 percent are employed, government policies should aim for greater gender equality. Increasing the level of education of women helps to increase the FLFP, but it is not enough. There should be gender equality policies in place in order to end discriminatory norms and barriers, to overcome the gender biases (Madeira, 2022). Other unfavorable policies that affect FLFP are those that enforce opportunity bias, unfair award and reward systems and long hours for women. This leads to a decrease in the willingness and ability of women to stay in the labor market (Kousar et al., 2019). Governments can provide gender equal work opportunities by introducing rules and regulations.

2.2 Employment of minorities

Foreign MNEs and domestic firms differ from each other in different aspects. MNEs have operations in multiple countries to be able to take advantage of resources in the host countries, while domestic firms only operate in one. Because they are able to take advantage of the

resources they are cheaper than the domestic firms. They are able to sell to a bigger market, produce more products at a cheaper price. This means that the domestic firms are not able offer the same products at the same price as multinational firms. MNEs generally have greater resources, managerial capabilities, and technologies, because they are more likely to incest more in research and development, talent acquisition and innovations. However, domestic firms only operate in one country, which makes it easier to market to a specific group, MNEs need to abide to different laws, cultural norms and may need to adapt or localize strategies to the host countries. Domestic firms are also simpler in organizational structure, compared to MNEs, because MNEs operate across countries with different subsidiaries, branches or affiliates. So, due to the fact that MNEs differ from domestic firms, they are also able to deviate from local culture and hire more women.

Organizations that want to set up an subsidiary in a foreign country face multiple institutional pressures to conform to local norms in order to gain legitimacy. These organizations are often both efficiency-maximizing and legitimacy-seeking. As a result, they are obliged to conform to the national social norms and behaviors. The local institutions can create conditions that support the local organizational forms and constrain the practices and organization of the multinationals (Lau & Ngo, 2001; Meyer & Rowan, 1977; Siegel et al., 2014). Organizations need local responsiveness in the long run due to isomorphic pressures that limit the influence of the parent company (Lau & Ngo, 2001).

While the state can legitimize certain norms, it is also possible for the state to coerce firms into compliance with its jurisdiction. This can be achieved through a system of policies and the enforcement actions, which is what has led to the current exclusion of women in firms in a number of emerging economies. One of the reasons why the state excludes the participation of women in the labor force is to maintain the privileged opportunities of men (Siegel et al., 2014). Domestic firms have deep-seated assumptions about the cultural beliefs that there are certain roles for women. As a result, domestic firms will forego the potential benefits of hiring women (Appold et al., 1998).

The literature shows that MNEs have a liability of foreignness, when MNEs go abroad, they are treated differently because of their nationality by being discriminated against by various

stakeholders and the unfamiliarity with the local rules and norms (Siegel et al., 2014; Zaheer, 1995). MNEs may lack embeddedness in local social networks, integration in the local information network, or a general lack of legitimacy in the host environment (Siegel et al., 2014; Zaheer, 1995).

However, MNEs may not have to adhere to local norms without hurting themselves because they are essentially outsiders with no expectations. They generally have a lower status and can afford to go against host-country business models. However, there is also literature that states that MNEs do not dare to go against the expectations of the host country in terms of their core business, such as who they should hire (Siegel et al., 2014).

Literature also examined why MNEs would go against local culture and hire the demographic minorities. Becker G.S. (1972), came up with the economic theory of discrimination, where discrimination is a consumption good. It explains that firms are willing to pay more for certain stereotypical observable factors such as gender, race or ethnicity. Based on assumptions about productivity or behavior of the demographic group. In the hiring decisions discrimination will persist if there is perceived profitability or if it is economically rational. This will continue even though there may be limited talent level available in the market, just to be able to hire the favored demographic group. However, Becker argues that when there is a competitive market, the discrimination will be reduced, because profit-maximizing firms have a strong incentive to hire regardless of demographic group characteristics based on the wage and skills of a person. Thus, non-discriminating firms that actively hire and promote the minority demographic minority group should have higher profits compared to the discriminating firms. And in the long run, this would mean that the non-discriminating firms would outperform the discriminating firms. But this is not always the case, the power holding firms will limit foreign entry and competition, and unions are likely to push firms to discriminate against women (Becker G.S., 1972; Siegel et al., 2014).

Ultimately, firms must weigh the options of employing women, violating national norms, or complying with local institutions. This is a trade-off between the benefits of hiring underutilized talent and the possibility of backlash from the government or other stakeholders. Research shows that MNEs are more likely to hire women even though they may face local backlash (Davis & Poole, 2020; González & Kong, 2022; Madeira, 2022; Siegel et al., 2014).

2.3 Hypotheses Development

MNEs are different than domestic firms since they are not obligated to conform to the local cultural norms. They have policies from the headquarters to be legitimate abroad, that they are non-discriminatory towards women. And as mentioned before they are venturing abroad to find cheaper resources abroad, this could be cheap labor, in the form of women. Many women do not work in these countries or may not have an education, but may have the skills needed for these foreign MNEs. For these foreign MNEs it may be cheaper to employ the women, because women are an underutilized group in that country (Becker G.S., 1972; Siegel et al., 2014).

Usually the MNEs have more resources and capabilities compared to domestic firms, so these foreign MNEs are more likely to be able to offer training for skill development within the firm to the discriminated demographic minorities. For the foreign firms it could be cheaper to employ women and offer them training than to employ men, since it is likely that the wages of women are lower. Domestic firms may not have the resources to offer their female employees the necessary training, while foreign MNEs do.

Also, domestic firms experience more social pressure to adhere to the cultural norms set in order to be legitimate in the country. When a firm does not adhere to the social norms, it may receive backlash from the locals or the institutions. The institutions are able to coerce local firms to follow the norms by implementing policies. Foreign MNEs are new to the market and may feel less pressure to adhere to the social norms. If the foreign MNE is only there for manufacturing and not to sell in that market, they have less pressure to legitimize for that host country.

So, foreign MNEs are perceive less pressure to adhere to the local social norms, compared to the domestic firms. The MNEs also have more resources and capabilities to be able to train the underutilized, cheap demographic minority groups and are less opposed to hiring women compared to domestic firms. This leads to the first hypothesis, which is as follows:

H1: The share of employees that is female is higher in MNEs than in domestic firms.

Many women face constraints for entering the labor market, this can be found at home, workplace, and government. In many traditional cultures in the developing countries it is

expected that women should take care of the unpaid housework. And if there are any children, women should stay at home. If a women would enter the labor force, it is expected of her to still do all the unpaid housework on top of her job. Which means that they work less hours or not at all. So there are less women in the work force, due to the exceptions of social norms of their family.

Even when they enter the workforce, they are less likely to be promoted and are paid less for the same work. They are excluded from social activities that the men of the company organize outside the employer, they are harassed or are given tasks that they expect women to do. Furthermore, when the women has children, it is better for the men to continue working since he earns more. So on the workplace women may experience exclusion from the fellow employees, earns less and is expected to do female tasks, which causes less women in the workforce.

Also the government plays a role, since there may be policies lacking for childcare opportunities for working families, policies that might not stimulate the whole society to get a secondary education, which causes a less educated group of female workers. Also when women are less educated, they are also less likely to get promoted compared to men. So if there are no policies in place for women to educate themselves or to be able to have two working parents, many women leave the workforce.

So the more traditional the country the less women there are in the workforce and thus the less women are to be employed by both the foreign MNEs and the domestic firms. Which leads to the second hypothesis:

H2: The share of firms' employees that is female is lower in countries that have greater gender inequality.

MNEs face a trade-off between complying with local social norms about inequality and hiring the underutilized workforce. They are expected to hire more women than domestic firms. This means that it is that there is an advantage for MNEs to hire women. And it is shown that it can have a significant profit benefit for the MNEs, which is associated with a competitive advantage. Because MNEs are new to the market they are able to take advantage of the local social networks

and start out free of bias. It may seem that the MNEs are breaking the social norms and creating a more gender equal environment, but the progress is quite slow and there are few domestic firms actively hiring women (Siegel et al., 2014) However, it also shown that there are institutional and social policies in place that limit women from entering the labor market. This means that there are fewer educational opportunities for women and social pressure for them to stay at home instead of entering the labor market.

Young, Hassan, & Hatmaker (2021), show that workplace incivility can have a negative effect on the labor force participation. Even though employing women is important for economic efficiency reasons since FLFP is important for socio-economic growth and reducing poverty. It is shown that low FLFP can partly be explained with traditional conservative cultures and social rules. There may be specific cultural differences between countries that explain the differences of employment of women.

Culture is shown to have a moderating effect are influencing the employment of women positively, but culture may influence the negatively it is expected that:

H3 The relationship between the hiring of female employees by MNEs and the share of employees that is female is moderated by high gender inequality, such that MNEs will be less likely to hire women in countries with greater gender inequality.

3 Data and method

3.1 Data sources and sample

Dataset BEEPS is retrieved from the European Bank for Reconstruction and Development together with the World Bank. This dataset is a survey at firm-level based on interviews with managers. The years used are 2018-2020 which includes 28,000 enterprises in 41 developing economies. In this study the countries Kosovo and West Bank and Gaza are excluded since the gender inequality index (GII) is not available from the United Nations Development Programme (UNDP) (EBRD - European Bank for Reconstruction and Development, n.d). Since this is a survey there are several unanswered or unknown entries. After removing the unknown answers within the survey 24,000

enterprises and 39 economies were left. The countries included fall in the categories of very high, high, and medium human development. For the robustness checks other variables are used to capture the effect of culture: women, business and law from the Worldbank, and social institutional gender index from the OECD (World Bank, 2018 & OECD, n.d.).

3.2 Variables

3.2.1 Dependent variable

The main dependent variable of this study is the percent of full-time female employees at the last fiscal year (Number of permanent, full-time individuals working at the end of last fiscal year who are female). This variable is taken from the BEEPS dataset, this captures the female employment across all countries. The variable is created by dividing the female full-time employees by the permanent full-time employees, but it is not multiplied by 100, to keep it between 0 and 1. In the robustness check a different variables within the BEEPS dataset is used, the full-time female employees in production and the full-time female employees in non-production. The same application is applied as the percent of full-time female employees.

3.2.2 Independent variables

First independent variable is the foreign ownership, for this variable a dummy variable is created. When the private foreign individuals own 50 percent or more of the company, the dummy would be one, and zero otherwise. This study only focusses on the differences of foreign owned and not foreign owned. This means that the other types of ownership, domestic or governmental, are not defined. For the robustness checks a foreign ownership is differently constructed by changing the percentages. In the first check only foreign ownership is defined if 90 percent or more of the firm is owned by a foreign owner. In the second robustness check, foreign ownership is defined if 20 to 50 percent is owned by a foreign individual.

The second independent variable is the culture. The gender inequality index is used to capture the effect of culture. The index is based on three dimensions: reproductive health, empowerment and economic activity. Reproductive health consists of the maternal mortality ratio and adolescent fertility rate, these two determine the causes of death, disability, or future opportunities for these women. Empowerment is educational attainment and parliamentary

representation, where education is necessary for escaping poverty and parliamentary representation is a measure of the access to power of women. Economic activity consists of labor force participation, however this does not include unpaid work of women. The index follows that the higher the index rate, the more inequality. So women face inequalities within the culture of the country (Permanyer, 2013). For the robustness check the GII is switched with women business and law index and the societal institutions and gender index.

The third variable is the interaction effect of culture and the foreign firm dummy. To capture the moderating effect of culture on the employment of female employees in foreign MNEs. In every robustness check that influences MNEs or culture the interaction effect is changed accordingly.

3.2.3 Country level control variables

When a person has achieved secondary education it is considered that they are skilled workers (Tang & Zhang, 2021). It captures the educational levels attained by individuals in a country, which has an effect on employment opportunities and outcomes. It is expected that male secondary education rate will have a negative effect. In developing countries traditional gender norms and societal expectations regarding women are stronger. The more educational attainment of men, the more these norms are reinforced and thus women's access to employment opportunities are limited (Budhwar, Saini, & Bhatnagar, 2005; Campa, Casarico, & Profeta, 2011). The more gender inequalities within countries men get the opportunities for higher education and higher-paying jobs, which incentivise women to drop out of the labor force (Klasen & Pieters, 2015). So by including the secondary education attainment as control variable the effect of educational policies and opportunities on female employment rates can be isolated, while accounting for the overall educational environment in the country.

The labor force participation rate of men is a key indicator that provides an insight into the gender dynamics in the labor market of women. Labor force participation is a decision made by potential caregivers. People have to make decisions based on who stays home and does unpaid work, the other is usually the full-time employee. The lower the labor market opportunity costs, the more likely they are to drop out of the labor force. This variable is a percentage between 0

and 100 and it is expected that female labor force participation rate should have a positive effect on the employment of women (Schultz, 1990). A higher labor force participation rate among men could potentially lead to a lower female employment rate if there is limited job availability or if cultural and societal factors prioritize male employment. In some contexts, cultural norms and traditional gender roles may hinder women's ability to participate in the labor force, regardless of male labor force participation rates. However, it is expected that the male participation rate will have a negative effect on the percent of female employees, since they receive more wages compared to women. And because of the culture, men have to work and women have to stay at home and perform unpaid work. The more men enter the labor force, the more women have to drop out.

Gross Domestic Product (GDP) per capita is a control variable to capture the economic growth of a country. It serves as an important economic indicator that captures the average economic output per person in a country. Women's higher participation rate in the work force is linked with economic growth and GDP gains. Religion and culture have an effect on the decision making and opportunities in educational attainment and the workforce (Yasmin et al., 2022). So higher GDP per capita is expected to have a positive effect on the female employment rate within firms.

3.2.4 Firm-level control variables

Some firms may have trouble finding the skilled workforce, to control for this the variable Obstacle inadequately educated workforce is used. The obstacle consists of the answers: no obstacle, minor obstacle, moderate obstacle, major obstacle, and very severe obstacle. Here a dummy variable was created when the inadequately educated workforce when it is a major or very severe obstacle it is a one, otherwise a zero. Increasement of demand for skilled workers create more opportunities for women to enter skilled professions and industries. A skilled workforce enhances productivity and competitiveness of firms and economy, which leads to more jobs and more equality. When firms find it an obstacle to find skilled workforce, it may be that women lack the sufficient skills to be employed within the firm. So it is expected that the sign of the obstacle inadequately educated workforce is negative.

Not only the available workforce has an influence on the employment of women, but also the size of the firm. The available workforce, full-time employees is a proxy for the size of the firm. The larger the firm, the more management inputs are needed and women have a comparative advantage in skills of management and communication (Campa et al., 2011). Another variable of size of the firm is the permanent full-time employees. This controls for the possibility of the larger firms to have smaller adjustment costs associated to maternity and because of this are less reluctant to hire women (Peltokorpi, Allen, & Froese, 2015). It is expected that the more employees the firm has the more women there are employed, since the firm has more budget for maternity leave and needs more management inputs.

The location of the headquarters controls for the employment practices of home or host country contexts that have gender inequalities. The variable consist of 1 if it is the firms headquarter or 2 if it is not. Multinationals bring new innovations and knowledge from their home country to the host country, which can increase the employment opportunities for both men and women. The multinationals may also implement diversity and equality policies in the workplace. However, it may be that even though the policies are in place, there are still limited opportunities for women in positions or sectors within the multinationals host countries. This may be due to reinforcing of the existing gender disparities within the labor market (Tang & Zhang, 2021). It is expected that there is a negative effect for this variable, when it is a local headquarters, there are more local social pressures, so the percentage of female employees is lower.

When there is a female owner, there may be implications for employment opportunities and policies that promote gender equalities. When there are female owners it is more likely that there are more women employed and job opportunities created for them. These female owners are also more likely to promote family-friendly policies and more supportive work environments. This may not be the case in all firms, there are other structural and cultural barriers that may persist and thus affect the female employment rate. So, it is found that female managers reduce the gender inequalities, so it is expected that there will be a positive effect on the employment of women (Cohen & Huffman, 2007).

Finally industry fixed effects are used to account for any possible variation in employment of women due to sector differences within these industries. The following industries are used:

Manufacturing, Retail, Other Services, Food & Beverages, Textiles, Garments, Non-Metallic Mineral Products, Fabricated Metal Products, Machinery & Equipment, Furniture, Rubber & Plastics Products, Other Manufacturing, Construction, Hotels, Wholesale, Textiles & Garments, Wholesale & Retail and Leather Products (Belitski & Desai, 2021). In certain industries there are higher rates of female employment, such as: healthcare, education, and retail. Other industries have a higher percentage of male employees: construction, manufacturing, and technology. This variable is added to control for effects that are industry specific.

3.3 Method and empirical model

An fractional logit model will be used to test the different hypotheses and specifically the moderating effect of culture on the employment of women for MNEs versus domestic firms, while controlling for other factors that are known to influence the employment of women. A fractional logit model is used since the dependent variable, percent female employees, ranges between zero and one (Papke & Wooldridge, 1996).

The following specification is estimated:

$$F_{fc} = \beta_{fc} + \beta_1 FO_f + \beta_2 C_c + \beta_3 FO_f * C_c + \beta_4 V + \varepsilon_{fc}$$

Where subscript *c* denotes a country, subscript *f* denotes a firm. F_{fc} is the percentage of female employees for the firm *f* in a given country *c*. FO_f is a indicator for foreign ownership that equals 1 if 50 percent or more equity is owned by foreign individuals and 0 otherwise. C_c is the culture of a specific country, the gender inequality index is used as a proxy for culture. $FO_f * C_c$ is the interaction effect between foreign ownership and culture. V_{fc} includes all the control variables used in the model.

4 Results

4.1 Baseline results

Table A1 shows the summary statistics of all the variables used in the models. Within the dataset there are a limited amount of foreign MNEs, there is a mean of 0.05, which means that there are only five percent foreign firms. Almost a quarter (0.24) percent of firms face an obstacle in an inadequately educated workforce. Table A2 shows the different countries that are included in the model and their frequencies with the country-level control variables. There are no outliers in the data of countries and every country has at least 140 observations.

Table 1 shows five models. The first model only includes control variables, the variables show the expected signs and are all significant, except labor participation rate male, GDP per capita, and permanent full-time employees. Labor participation rate male, GDP per capita, and permanent full-time employees both the coefficients are really small (0.000) and are not significant.

The second model include the foreign MNEs, the variable has the expected sign, and is significant at the 10% level. MNEs hire 0.099 percent more women compared to domestic firms. The same control variables remain unsignificant with a null coefficient. The third model only include the standardized GII and the control variables. The sign is negative and significant at the one percent level, this would mean that the higher the GII, the lower the percentage of female employees within firms. In this model the labor participation rate male and GDP per capita change, they remain to have a small coefficient, but they become significant at the one percent level. For the second hypothesis support is found, in all the models there is a negative and significant effect found.

The fourth model includes both MNE and GII. MNE becomes not significant and the coefficient becomes smaller. The gender inequality index remains negative and is significant at the one percent level. In the fifth model MNEs, GII and the interaction effect MNE*GII are added. MNE remains non-significant and the gender inequality index remains negative and significant. The interaction effect shows the expected sign, however it is not significant. This means that the third

hypothesis is rejected, that there is no significant moderating effect of culture on the percentage of female employees between foreign MNEs and domestic firms.

For the first hypothesis, there is only a significant effect in the second model, but not in the other models. Since little support is found for the first hypothesis, means that it is rejected. For the second hypothesis support is found, in all the models there is a negative and significant effect found. This means that the third hypothesis is rejected, that there is no significant moderating effect of culture on the percentage of female employees between foreign MNEs and domestic firms.

TABLE 1. FRACTIONAL LOGIT MODEL

Dependent = Percent female employees	Model 1	Model 2	Model 3	Model 4	Model 5
MNE (0/1)		.099 (.052)		. 058 (.053)	. 074 (.057)
		[P = 0.058]		[P = 0.266]	[P = 0.190]
Gender inequality index			-.264 (.021)	-.263 (.021)	-.265 (.021)
			[P < 0.001]	[P < 0.001]	[P < 0.001]
MNE * gender					. 043 (.062)
inequality index					[P = 0.486]
Country level controls					
Secondary education	-.003 (.001)	-.002 (.001)	.000 (.001)	.000 (.001)	.000 (.001)
male	[P = 0.006]	[P = 0.008]	[P = 0.912]	[P = 0.937]	[P = 0.947]
Labor force	.000 (.002)	.000 (.002)	.006 (.002)	.006 (.002)	-.006 (.001)
participation rate male	[P = 0.891]	[P = 0.854]	[P = 0.001]	[P = 0.001]	[P = 0.001]
GDP per capita	.000 (.000)	.000 (.000)	-.000 (.000)	.000 (.000)	-.000 (.000)
	[P = 0.433]	[P = 0.459]	[P < 0.001]	[P < 0.001]	[P < 0.001]
Firm-level controls					
Local headquarters	-.249 (.036)	-.243 (.036)	-.287 (.036)	-.284 (.036)	-.284 (.036)
	[P < 0.001]	[P < 0.001]	[P < 0.001]	[P < 0.001]	[P < 0.001]
Female owners (0/1)	.592 (.027)	.595 (.027)	.556 (.027)	.557 (.027)	.556 (.027)
	[P < 0.001]	[P < 0.001]	[P < 0.001]	[P < 0.001]	[P < 0.001]
Permanent full-time	-.000 (.000)	-.000 (.000)	-.000 (.00 0)	-.000 (.000)	-.000 (.000)
employees	[P = 0.569]	[P = 0.573]	[P = 0.563]	[P = 0.573]	[P = 0.572]

(Continued)

TABLE 1. (CONTINUED).

Dependent = Percent female employees	Model 1	Model 2	Model 3	Model 4	Model 5
Obstacle inadequately	-.070 (.029)	-.069 (.029)	-.098 (.029)	-.099 (.029)	-.099 (.029)
educated workforce	[P = 0.018]	[P = 0.018]	[P = 0.001]	[P = 0.001]	[P = 0.001]
Industry fixed effects	Yes	Yes	Yes	Yes	Yes
No. of countries	39	39	39	39	39
No. of firms	23,876	23,876	23,533	23,533	23,533
Pseudo R2	0.235	0.235	0.241	0.241	0.241
Log pseudolikelihood	-8374.4126	-8373,8159	-8211. 5045	-8211.3007	-8211.228

Note. Standardized variables have mean 0 and standard deviation of 1. The gender inequality index and the gender inequality index in the interaction term MNE*gender inequality index are standardized in the empirical analysis.

4.2. Robustness

In this thesis there are six robustness checks performed to test whether the model is correctly specified. The first robustness check, Table 2, is done by changing the definition of foreign MNEs, includes the majority owned foreign MNEs, where it is a foreign MNE, if foreign ownership is 90 percent or more and when foreign ownership is between 20 and 50 percent. The second robustness check, Table 3, changes the proxy for culture by replacing the gender inequality index with the women business and law index and the Social institutions and gender index. The third robustness check is with changing the dependent variable by specifying the percentage of full-time female production and non-production employees.

Model six includes only the MNE majority and GII. Similar signs and probabilities are found compared to the main model. Where MNE is not significant and gender inequality index is negative and significant. Model seven includes MNE majority, GII and MNE majority * GII. The interaction effect is not the expected sign, however it is not significant at all.

TABLE 2. MAJORITY & MINORITY OWNED FOREIGN MNES

	Majority owned		*Minority owned*	
Dependent = Percent female employees	Model 6	Model 7	Model 8	Model 9
Gender inequality index	-.263 (.021)	-.262 (.021)	-.264 (.021)	-.131 (.029)
	[P < 0.001]	[P < 0.001]	[P < 0.001]	[P < 0.001]
MNE majority (0/1)	.068 (.058)	.058 (.064)		
	[P = 0.241]	[P = 0.363]		
MNE majority * gender inequality index		-.022 (.072)		
		[P = 0.757]		
MNE minority (0/1)			.046 (.091)	-.014 (.093)
			[P = 0.612]	[P = 0.881]
MNE minority * gender inequality index				.178 (.083)
				[P = 0.031]
Country-level controls				
Secondary education male	Yes	Yes	Yes	Yes
Labor force participation rate male	Yes	Yes	Yes	Yes
GPD per capita	Yes	Yes	Yes	Yes
Firm-level controls	39	39	39	39
Local headquarters	Yes	Yes	Yes	Yes
Female owners (0/1)	Yes	Yes	Yes	Yes
Permanent full-time employees	Yes	Yes	Yes	Yes
Obstacle inadequately educated workforce	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes
No. of countries	39	39	39	39
No. of observations	23,533	23,533	23,533	23,533
Pseudo R2	0.241	0.241	0.241	0.245
Log pseudolikelihood	-8211.2747	-8211.2614	-8211.4565	-8174.7822

Note. Standardized variables have mean 0 and standard deviation of 1. The gender inequality index and the gender inequality index in the interaction terms are standardized in the empirical analysis.

In model 8 the variables MNE minority and GII are included. GII is still negative and around the same probability as the previous models. The MNE minority is positive and not significant, similar as the main model. In model 9 the interaction effect of MNE minorities * gender inequality index is included with both MNE minority and GII. MNE minority switched signs, but if far from significant with a probability of 0.881. The interaction term is positive and significant on the five percent level. Which would mean that support for the third hypothesis, which would mean that MNEs are more likely to hire a higher proportion of women in countries with greater gender inequality compared to countries with lower gender inequality.

Table 3 the gender inequality index is replaced with women business and law (WBL) and the social institutions and gender index (SIGI). The women, business and law is based on eight legal differences between men and women: mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets and pensions. SIGI is based on four dimensions: discrimination in the family, restricted physical integrity, restricted access to productive and financial resources, and restricted civil liberties. In order to see if the results are constant with other culture indexes.

TABLE 3. WOMEN BUSINESS AND LAW & SOCIAL INSTITUTIONS AND GENDER INDEX

	Women business and law		*Social institutions and gender index*	
Dependent = Percent female employees	Model 10	Model 11	Model 12	Model 13
MNE (0/1)	.048 (.052)	.058 (.062)	.048 (.054)	.046 (.057)
	[P = 0.358]	[P = 0.351]	[P = 0.373]	[P = 0.413]
Women business and law	-.344 (.022)	-.345 (.022)		
	[P < 0.001]	[P < 0.001]		
MNE * Women business		.021 (.074)		
and law		[P = 0.776]		
Social institutions and			-.255 (.019)	-.255 (.019)
gender index			[P < 0.001]	[P < 0.001]
				(Continued)

TABLE 3. (CONTINUED).

	Women business and law		*Social institutions and gender index*	
MNE * Social Institutions and gender index				-.007 (.071) [P = 0.920]
Country-level controls				
Secondary education male	Yes	Yes	Yes	Yes
Labor force participation rate male	Yes	Yes	Yes	Yes
GPD per capita	Yes	Yes	Yes	Yes
Firm-level controls				
Local headquarters	Yes	Yes	Yes	Yes
Female owners (0/1)	Yes	Yes	Yes	Yes
Permanent full-time employees	Yes	Yes	Yes	Yes
Obstacle inadequately educated workforce	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes
No. of countries	40	40	36	36
No. of observations	23,876	23,876	19.584	19.584
Pseudo R2	0.240	0.240	0.226	0.226
Log pseudolikelihood	-8319.8885	-8319.874	-7360.7736	-7360.7721

Note. Standardized variables have mean 0 and standard deviation 1. The women business and law and social institutions and gender index are standardized in the empirical analysis, also in the interaction terms.

In model 11 and 12 women business and law is used instead of the GII with MNE, and in model 12 there is an interaction effect between WBL and MNE. MNE is in both models positive and not significant, similar to the main model. With WBL there is a stronger negative effect in model 10 and 11 (-0.351) compared to the initial model with GII (-0.263). Similar results are found for the SIGI, where MNE are not significant and the coefficients of SIGI are close to the main model at a significance level of 1 percent. The interaction effect is negative, but there is a very high probability level of 0.920. These models also show that there is support for the second hypothesis, however the hypothesis 1 and 3 are still rejected.

In table 4 the dependent variable is divided by production in models 14 and 15, and non-production in models 16 and 17. In these models all the coefficients of MNE are positive and significant. So in these models there is some support found for the first hypothesis, where foreign MNEs are significantly hiring more women compared to domestic firms. The effect is also stronger in production compared to non-production. The effects of the GII becomes stronger as well in all four models, all the coefficients are around -0.500, while in the original model -0.263, which is almost double as strong effect. There is no significant effect found for the interaction effects in both models.

TABLE 4. FEMALE EMPLOYEES IN PRODUCTION & FEMALE EMPLOYEES IN NON - PRODUCTION

	Percent female employees in production		*Percent female employees in non-production*	
	Model 14	Model 15	Model 16	Model 17
MNE (0/1)	.236 (.057)	.247 (.059)	.068(.042)	.089 (.044)
	[P < 0.001]	[P < 0.001]	[P = 0.100]	[P = 0.043]
Gender inequality index	-.510 (.024)	-.512 (.024)	-.492 (.021)	-.496 (.021)
	[P < 0.001]	[P < 0.001]	[P < 0.001]	[P < 0.001]
MNE * Gender inequality index		0.041 (.068)		0.076 (.049)
		[P = 0.544]		[P = 0.123]
Country-level controls				
Secondary education male	Yes	Yes	Yes	Yes
Labor force participation rate male	Yes	Yes	Yes	Yes
GPD per capita	Yes	Yes	Yes	Yes
Firm-level controls				
Local headquarters	Yes	Yes	Yes	Yes
Female owners (0/1)	Yes	Yes	Yes	Yes
Permanent full-time employees	Yes	Yes	Yes	Yes
Obstacle inadequately educated workforce	Yes	Yes	Yes	Yes

(Continued)

TABLE 4. (CONTINUED).

	Percent female employees in production		*Percent female employees in non-production*	
Industry fixed effects	Yes	Yes	Yes	Yes
No. of countries	39	39	39	39
No. of observations	12,734	12,734	12,354	12,354
Pseudo R2	0.1375	0.1375	0.0564	0.0564
Log pseudolikelihood	-7006.5114	-7006.4257	-7953.3983	-7953.0609

Note. Standardized variables have mean 0 and standard deviation of 1. T gender inequality index and the gender inequality index in the interaction term MNE*gender inequality index are standardized in the empirical analysis.

5 Discussion

5.1 Findings and their relation to prior research

Previous studies have found that foreign MNEs do employ more women compared to domestic firms. Siegel et al., (2014) found that due to lack of embeddedness, that MNEs do hire more women. But in this study this effect is not found, however in every model there is a positive effect on the percent of female employees, but are not significant. In the robustness checks of majority and minority the same effect is found. So, the result are in line with literature that found that MNEs do not hire more women. The results could be due to the selected countries included. This study included the available countries of the BEEPS survey, which were mostly developing countries. And it is shown that these countries have a more traditional view on the division of genders. Women may not have the skills or freedom to be able to work for an foreign multinational or a domestic firm.

What is important to note is that when the dependent variable is changed to percent female employees in production and non-production, the MNEs do significantly hire more female employees compared to domestic firms. And the effect is quite strong in especially in non-production, where an foreign MNE employs 24 percent more female employees in production compared to domestic firms. This may be because they are less focused on the gender differences and they are only there for the cheap female employees. The effect is also found in non-

production, but the effect is smaller, only 9 percent. This could be because domestic firms already hire more women in non-production, so the differences are smaller.

For culture it was expected that the higher the gender inequality in the country the lower the percentage of female employees within firms. This effect is found, in every model there is a strong negative effect found that is significant. The effect is also found when the gender inequality index was replaced with the women, business, and law and the social institutions and gender index. There is clear support for the second hypothesis, so the higher the gender inequality, the lower percentage of female employees.

There is no support for the third hypothesis, the moderating effect of culture on employment of female employees in multinational firms. Only in model 9 there is a positive and significant effect found. It was expected that MNEs are less likely to adhere to the local culture compared to domestic firms. So, foreign multinationals would be more likely to hire more female employees regardless of culture, if there is a minority foreign ownership.

This thesis examined the effect of origin of companies and the effect of culture. Furthermore also the moderating effect of culture. The data consist of all the available countries within the BEEPS dataset and the relevant control variables, which are 39 or 40 countries, with many geographical and cultural differences. A fractional logit model is used because the dependent variable ranges from 0 to 1, and this model was the best fit for the analysis of the data. And the robustness checks show that the results remain constant throughout the different models.

5.2 Limitations and future research

Another limitation is that there is a control variable missing about MNEs, some countries will want to invest in trying to attract foreign MNEs to their countries. It may be the case that the countries within this model do not want to attract MNEs and are not supportive of them. Which would cause very low employment of female employees to stay legitimate within that host country. Which would mean that the MNEs are more likely to adhere to the local social norms compared to countries that want to attract foreign MNEs. Future research could study the effect of the percentage of female employees between foreign MNEs attracting countries and non-attracting countries.

A limitation of this study is also, the dataset BEEPS. It is a survey in Europe and Central Asia, so there are some continents missing that may have the effect or missing variables because the firms may not want to answer a question. This dataset lacks countries from other continents so it may not be the broadest dataset. And because it is a survey it is easy for the person to say "I do not know" or "refuse to answer", this causes many left out entries. Future research could include countries from other continent as well or a more focused survey to get the necessary data. To be able to get a broader perspective on the effect of foreign ownership or culture on the female employment rate. Future research could also look into the origin of the foreign owner, since this is not included in the dataset. If the foreign owner came from a more gender equal country, if they do they transfer the gender equal culture to the host country. The current BEEPS dataset includes many variables, but other ones may be interested to be added in future research.

5.3 Implications

This study has found that in developing countries foreign multinationals do not significantly employ more female employees. So in order for businesses to remain legitimate in their home countries, in terms of the inclusion of women, should install more policies for female employment. By not hiring more female employees in the host countries western foreign MNEs may risk reputational risks due to not prioritizing gender equality in their host countries. And by not employing women they may miss out on a talent pool that is cheaper. As shown in table four, many women have a secondary education and may possess valuable skills for MNEs.

It is also found that culture does affect the percentage of female employees. It is crucial to address the issues of gender inequalities in order to promote gender equality in the labor market. Because, the higher the GII, the greater the discriminatory practices in society, the less access women have to employment opportunities. This causes that the gender pay gap remains or even widens. Because they face difficulties for entering the labor market and face discrimination in wages and promotions. Governments should develop policies that promote gender equality in employment. This may be done by offering childcare support, better maternity leave, or supportive work environments in order to support the work-life balance of women. These measures may increase the female labor force participation rate and increase gender equality in

the labor market. Furthermore having higher gender equality in employment of women, also increases the economic development of the country. Since it would mean that a country would have full potential of the female workforce, which enhances the productivity and thus economic development. So governments should install policies aimed at gender equality in order for women to enter the workforce and to enhance the economic development of the country.

6 Conclusion

This thesis results indicate that multinationals may not significantly hire more female employees compared to domestic firms, that culture does have a negative effect on the employment of women and that there is a positive moderating effect of culture on the employment of women in foreign multinationals.

This thesis did not find significant results for the percentage of female employees for MNEs and for culture. For the results of MNEs there are really high probabilities found that are not close to being significant and the sign depends on the categorization of the foreign MNE. For culture there is significant negative results found. This is in line with previous research, where the higher the gender inequality within the country the less women that are in the workforce, the less women employed.

So, this would mean that in developing countries MNEs with foreign ownership do not significantly hire more female employees, which is not in line with previous findings. There is a significantly strong negative effect of culture on the percentage of female employees. The more gender inequalities within the country, the less women are employed. And there is no support for the moderating effect of culture on the percentage of female employees in multinationals.

Future research should further look into why other studies have found that foreign MNEs do hire significantly more women and why this effect is not found with this dataset. This may be due to the selection of countries used within these studies. Future research could also look into the different culture indexes, and their effect on the female employment rate.

References

Appold, S. J., Siengthai, S., & Kasarda, J. D. (1998). The Employment of Women Managers and Professionals in an Emerging Economy: Gender Inequality as an Organizational Practice. In *Quarterly* (Vol. 43).

Becker G.S. (1972). The Economics of Discrimination. *The Economic Journal* , *82*(326), 788–790. Retrieved from https://www.jstor.org/stable/2230052

Belitski, M., & Desai, S. (2021). Female ownership, firm age and firm growth: a study of South Asian firms. *Asia Pacific Journal of Management*, *38*(3), 825–855. https://doi.org/10.1007/s10490-019-09689-7

Blaydes, L., Gengler, J., & Lari, N. A. (2021). *Understanding Cultural Constraints to Female Labor Force Participation: How Family Dynamics Influence Women's Employment in Qatar and the Arab Gulf States*.

Boserup, E. (1970). *Women's role in economic development*. George Allen and Unwin Ltd., London.

Budhwar, P. S., Saini, D. S., & Bhatnagar, J. (2005). Women in management in the new economic environment: The case of India. *Asia Pacific Business Review*, *11*(2), 179–193. https://doi.org/10.1080/1360238042000291199

Campa, P. ;, Casarico, A. ;, & Profeta, P. (2011). Gender Culture and Gender Gap in Employment. *CESifo Economic Studies*, *57*(1), 156–182. Retrieved from http://hdl.handle.net/10419/30648

Choi, Y. (2021). Workplace ostracism and work-to-family conflict among female employees: moderating role of perceived organisational support. *International Journal of Organizational Analysis*, *29*(2), 436–449. https://doi.org/10.1108/IJOA-04-2020-2143

Cohen, P. N., & Huffman, M. L. (2007). Working for the Woman? Female Managers and the Gender Wage Gap. *AMERICAN SOCIOLOGICAL REVIEW*, *2*, 681–704.

Davis, C. A., & Poole, J. P. (2020). Can multinational firms promote gender equality? The role of labour mobility +. In *TRANSNATIONAL CORPORATIONS* (Vol. 27).

EBRD - European Bank for Reconstruction and Development (n.d.). Business Environment and Enterprise Performance Survey (BEEPS). Retrieved from https://www.ebrd.com/beeps

González, A. L., & Kong, X. (2022). *Doing Business Far from Home: Multinational Firms and Labor Market Outcomes in Saudi Arabia Doing Business Far from Home: Multinational Firms and Labor Market Outcomes in Saudi Arabia **.

Hewlett, S. A., & Rashid, R. (2010). *The Battle for Female Talent in Emerging Markets*.

International Labour Organization. (2020). *World employment social outlook : trends 2020*. International labour office.

Jayachandran, S. (2021). Social Norms as a Barrier to Women's Employment in Developing Countries. *IMF Economic Review*, *69*(3), 576–595. https://doi.org/10.1057/s41308-021-00140-w

Klasen, S., & Pieters, J. (2015). What explains the stagnation of female labor force participation in Urban India? *World Bank Economic Review*, *29*(3), 449–478. https://doi.org/10.1093/wber/lhv003

Kousar, S., Azra, S., Bahauddin, B., University, Z., Saeed, M., & Sabir, A. (2019). Social, Cultural and Institutional Barriers to Female Labour Force Participation. *Pakistan Journal of Social and Clinical Psychology*, *17*(2), 62–66.

Lau, C.-M., & Ngo, H.-Y. (2001). Organization Development and Firm Performance: A Comparison of Multinational and Local Firms. In *Source: Journal of International Business Studies* (Vol. 32). Retrieved from https://www.jstor.org/stable/3069512

Madeira, M. A. (2022). The Defeminizing Reversal: Globalization, Industrial Upgrading, and Female Labor Force Participation. *International Studies Quarterly*, *66*(3). https://doi.org/10.1093/isq/sqac039

Meyer, J. W., & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. In *American Journal of Sociology* (Vol. 83). Retrieved from https://about.jstor.org/terms

OECD (n.d.). OECD Data. Retrieved from https://data.oecd.org/

Papke, L. E., & Wooldridge, J. M. (1996). Econometric methods for fractional response variables with an application to 401 (k) plan participation rates. *Journal of Applied Econometrics*, *11*(6), 619–632. https://doi.org/10.1002/(SICI)1099-1255(199611)11:6<619::AID-JAE418>3.0.CO;2-1

Peltokorpi, V., Allen, D. G., & Froese, F. (2015). Organizational embeddedness, turnover intentions, and voluntary turnover: The moderating effects of employee demographic characteristics and value orientations. *Journal of Organizational Behavior*, *36*(2), 292–312. https://doi.org/10.1002/job.1981

Permanyer, I. (2013). A Critical Assessment of the UNDP's Gender Inequality Index. *Feminist Economics*, *19*(2), 1–32. https://doi.org/10.1080/13545701.2013.769687

Schultz, T. P. (1990). *Women's Changing Participation in the Labor Force: A World Perspective* (Vol. 38). Retrieved from https://www.jstor.org/stable/1153746

Shin, D., Hasse, V. C., & Schotter, A. P. J. (2017). Multinational enterprises within cultural space and place: Integrating cultural distance and tightness-looseness. *Academy of Management Journal*, *60*(3), 904–921. https://doi.org/10.5465/amj.2015.0423

Siegel, J., Pyun, L., Cheon, B. Y., School, H. B., College, B., Goodsell, A., … Zuckerman, E. (2014). *Multinational Firms, Labor Market Discrimination, and the Capture of Competitive Advantage by Exploiting the Social Divide*.

Tang, H., & Zhang, Y. (2021). Do multinationals transfer culture? Evidence on female employment in China. *Journal of International Economics*, *133*. https://doi.org/10.1016/j.jinteco.2021.103518

Toh, S. M., & Leonardelli, G. J. (2012). Cultural constraints on the emergence of women as leaders. *Journal of World Business*, *47*(4), 604–611. https://doi.org/10.1016/j.jwb.2012.01.013

Tolciu, A. ;, & Zierahn, U. (2012). Women and work: what role do social norms play? *International Review of Applied Economics*, *26*(6), 711–733. Retrieved from http://hdl.handle.net/10419/48227

UNDP. (2020). *Human Development Perspectives report, Tackling Social Norms: A game changer for gender inequalities*. Retrieved from http://hdr.undp.org/en/content/

World Bank. (2018). *Women, business and the law 2018.*

Yasmin, F., Safdar, N., Ali, F., & Ashraf, I. (2022). Multicultural Education Role of Religion and Culture on Female Labor Force Participation: A Panel Data Analysis of Selected Countries. *Multicultural Education*, *8*(2). https://doi.org/10.5281/zenodo.6017482

Young, K. A., Hassan, S., & Hatmaker, D. M. (2021). Towards understanding workplace incivility: gender, ethical leadership and personal control. *Public Management Review*, *23*(1), 31–52. https://doi.org/10.1080/14719037.2019.1665701

Zaheer, S. (1995). Overcoming the Liability of Foreignness. In *Source: The Academy of Management Journal* (Vol. 38). Retrieved from https://about.jstor.org/terms

7 Appendix

TABLE A1. SUMMARY STATISTICS

Variable	Observations	Mean	Standard deviation	Minimum	Maximum
Percent female employees	24,054	0.17	0.27	0	1
Percent female employees in production	12,563	0.43	0.33	0	1
Percent female employees in non-production	12,944	0.34	0.37	0	1
MNE (0/1)	24,054	0.05	0.21	0	1
MNE Majority (0/1)	24,054	0.04	0.20	0	1
MNE Minority (0/1)	24,054	0.02	0.14	0	1
gender inequality index	23,554	0.00	1.00	-1.42	1.98
Women, business, and law	24,054	0.00	1	-1.21	2.48
Societal institutions and gender index	19,605	0.00	1	-1.20	3.04
Country-level variables					
GDP per capita	24,054	10743.4	8460.39	889.02	33673.75
Secondary education male	23,899	86.30	14.82	37.1	100
Labor force participation rate male	23,899	65.88	5.27	43.9	75.5
Firm-level variables					
Local headquarters	24,036	1.89	0.31	1	2
Female owners (0/1)	24,054	0.30	0.46	0	1
Permanent full-time employees	24,054	81.35	474.61	1	64000
Obstacle inadequately educated workforce	24,052	0.24	0.42	0	1

Table A2. Tabulation of Countries

Country	Freq.	GDP per capita	Labor participation rate men	Secondary education rate men	Gender inequality index	Women business and law	Social institutions and gender index
Albania	337	5396.21	66.2	93	0.144	8.75	22.6
Armenia	534	4828.505	63	97.1	0.216	15	27.8
Azerbaijan	193	4805.754	67.3	97.6	0.294	21.25	28.7
Belarus	591	6837.718	72.6	68.7	0.104	24.38	20.6
Bosnia and Herz.	258	6011.371	52.4	94	0.136	15	21.8
Bulgaria	708	9879.334	62.6	96.5	0.21	9.375	23.4
Croatia	400	15331.88	58.8	100	0.093	6.25	19.3
Cyprus	348	29417.14	68.8	84.8	0.123	8.75	28.3
Czech Rep.	487	23664.85	68.1	99.8	0.12	6.25	19.8
Egypt	2,803	2869.577	67.1	76.6	0.443	55	-
Estonia	342	23424.48	70.2	98.1	0.1	2.5	14.1
Georgia	547	4696.151	68	98.3	0.28	20.63	24.8
Greece	579	19144.28	58.1	77.8	0.119	2.5	27.1
Hungary	794	16782.95	67.2	98.8	0.221	3.13	25.7
Italy	734	33673.75	57.6	86.1	0.056	2.5	13.5
Jordan	535	4205.564	62.3	84.2	0.471	68.13	57.3
Kazakhstan	1,220	9812.596	75.5	100	0.161	30.63	22.5

(Continued)

TABLE A2. (CONTINUED).

Country	Freq.	GDP per capita	Labor participation rate men	Secondary education rate men	Gender inequality index	Women business and law	Social institutions and gender index
Kosovo	155	4416.108	-	-	-	8.13	-
Kyrgyz Rep.	331	1374.032	71.7	99.8	0.37	23.13	23.2
Latvia	329	17945.22	66.8	99.3	0.151	0	17.8
Lebanon	522	8985.572	64.3	55.6	0.432	47.5	56.2
Lithuania	348	19595.14	67.9	97.9	0.105	6.25	15.6
Malta	231	31198.24	71.4	88.1	0.167	11.25	21.5
Moldova	321	4493.37	43.9	98	0.205	12.5	21.4
Mongolia	348	4394.947	66.6	73	0.313	15	20
Montenegro	140	8909.653	62	99.2	0.119	21.25	-
Morocco	469	3498.574	66	37.1	0.425	24.38	50.8
North Macedonia	279	6070.388	63.4	75.1	0.134	15	18
Poland	810	15699.91	65.5	90.7	0.109	6.25	17.4
Portugal	1,004	23330.82	62.2	61.9	0.067	2.5	11.2
Romania	771	12958.08	62.3	93.7	0.282	9.38	16.6
Russia	1,045	11536.25	69.7	95.9	0.203	26.88	22.3
Serbia	301	7417.204	62.3	95.3	0.131	6.25	19.8
Slovak Rep.	423	19383.48	66.4	99.2	0.18	5.63	16.5
Slovenia	331	26016.08	62.2	98.7	0.071	6.25	12.9
Tajikistan	220	889.0203	50.5	94.6	0.285	21.25	32.4

(Continued)

TABLE A2. (CONTINUED).

Country	Freq.	GDP per capita	Labor participation rate men.	Secondary education rate men	Gender inequality index	Women business and law	Social institutions and gender index
Tunisia	542	3477.884	67.2	51.8	0.259	35.63	47.6
Turkey	1,437	9103.043	69.4	75.9	0.727	17.5	25.1
Ukraine	1,159	3661.456	63.6	95.8	0.2	20.63	21
Uzbekistan	1,021	1784.01	70.9	100	0.227	35.63	-
West bank and Gaza	345	3656.858	71	96	-	61.88	-