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# Walden University

College of Management and Technology

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Peter Oogu

has been found to be complete and satisfactory in all respects, and that any and all revisions required by the review committee have been made.

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> > Walden University 2021

#### Abstract

The Effects of Foreign Direct Investment on Gender Inequality in Uganda

by

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MBA, Texas Southern University, 2004

BS, Veterinary Medicine, Makerere University, 1988

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

February 2021

Abstract

Gender inequality is one of the greatest global development challenges. In the developing countries, including those in Sub-Saharan Africa, work-place gender inequality hinders the emancipation of women. The purpose of this quantitative study was to analyze the effects of foreign direct investment on gender inequality in the Ugandan private sector. Chabot and Duyvendak's transnational diffusion theory and Becker's theory of economic discrimination formed the theoretical foundation for the study. The research questions dealt with the relationship between foreign direct investment and the percentage of female workers, the percentage of women in leadership positions, and the gender wage gap in Uganda's private sector. Linear regression analysis was used to analyze archival data from the databases of Bank of Uganda (BOU) and Uganda Bureau of Statistics (UBOS) from 2010 to 2017. The findings of the study revealed a relationship between foreign direct investment and the percentage of female leaders and the gender wage gap in the formal sector, while there was no relationship between foreign direct investment and percentage of female workers in the formal sector. The implications for positive social change inherent in this study relate to identifying the potential for narrowing the gender gap through foreign direct investment, thus fostering gender equality in Uganda.

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#### Dedication

I dedicate this study, first, to the Almighty Gracious God for His daily mercies, guidance, protection of mind and body, and good health. I also whole heartdly, appreciate my wife, Mrs. Agnes Mutheu Oogu for her moral and grounded spiritual support, as well as to my wonderful children-Omaling, Atuko, and Millery. Lastly, to my late parents Ochola Hannington and Millery Asekeny who in their peasantry beginnings trusted and believed in me.

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Table of	Contents
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List of Tablesv
List of Figuresvii
Chapter 1: Introduction to the Study1
Background of the Study3
Problem Statement
Purpose of the Study7
Research Questions and Hypotheses8
Theoretical Foundation9
Nature of the Study12
Definitions14
Assumptions16
Scope and Deliniations17
Limitations17
Significance of the Study18
Significance to Practice
Significance to Theory20
Significance to Social Change21
Summary and Transition22
Chapter 2: Literature Review
Literature Search Strategy25
Theoretical Foundation

Literature Review	27
The Concept of Foreign Direct Investment	27
Foreign Direct Investment, Women, and Labor Markets	29
Foreign Direct Investment and Gender Inequality	32
Effect of Foreign Direct Investment on Percentage of Women in Workforce	35
Effect of Foreign Direct Investment on Women in Leadership Positions	37
Effect of Foreign Direct Investment on GWG	39
Foreign Direct Investment Inflow to Uganda	43
Sources of Foreign Direct Investment Inflows to Uganda	45
Major Sectors Contributing to Foreign Direct Investment Inflow	47
Foreign Direct Investment, Gender, and the Labor Market in Uganda	50
Summary and Conclusions	54
Chapter 3: Research Method	57
Research Design and Rationale	57
Methodology	60
Population	60
Sampling and Sampling Procedures	61
Archival Data	62
Instrumentation and Operationalization of Constructs	62
Data Analysis Plan	63
Threats to Validity	67
External Validity	68

Internal Validity	68
Construct Validity	
Ethical Procedures	70
Summary	72
Chapter 4: Results	73
Data Collection	74
Study Results	76
Test Assumptions	76
Descriptive Statistics and Correlations	
Research Question 1 and Hypotheses	80
Research Question 2 and Hypotheses	82
Research Question 3 and Hypotheses	86
Summary	89
Chapter 5: Discussion, Conclusions, and Recommendations	91
Interpretation of Findings	91
Research Question 1	
Research Question 2	
Research Question 3	94
Limitations of the Study	95
Recommendations	96
Implications	98
Conclusions	99

References	101
Appendix A: G* Power 3.1 Software Sample Size	Verification Graphics117

### List of Tables

Table 1.Top 10 Foreign Direct Investment Source Countries (USD Billions)	46
Table 2. Sector Distribution of Foreign Direct Investment (USD Billions)	48
Table 3. Definition of Study Variables	78
Table 4. Descriptive Statistics of Study Variables	79
Table 5. Correlation of FDI and PFW	79
Table 6. Correlations of FDIA and PFWA, PFLA, and GWGA	.80
Table 7. ANOVA for Regression of PFW on FDI	81
Table 8. Model Summary for Regression of PFW on FDI	.81
Table 9. ANOVA for Regression of PFWA on FDIA	82
Table 10. Model Summary for Regression of PFWA on FDIA	.82
Table 11. ANOVA for Regression of PFLA on FDIA	83
Table 12. Model Summary for Regression of PFLA on FDIA	83
Table 13. Coefficients for Regression of PFLA on FDIA	84
Table 14. ANOVA for Regression of GWGA on FDIA	37
Table 15. Model Summary for Regression of GWGA on FDIA	87
Table 16. Coefficients for Regression of GWGA on FDIA	87

## List of Figures

Figure 1. Histogram of Frequencies of Residuals for Regression of PFLA on FDIA85
Figure 2. Normal P-P Plot of Regression Standardized Redsiduals for Regression of
PFLA on FDIA86
Figure 3. Histogram of Frequencies of Residuals for Regression of GWGA on FDIA88
Figure 4. Normal P-P Plot of Regression Standardized Residuals for Regression of
GWGA on FDIA89

#### Chapter 1: Introduction to the Study

The association between foreign direct investment and gender inequality in the form of employment opportunity, as indicated by the percentage of female workers, percentage of women in leadership positions, and the gender wage gap (GWG), in the private sector of Uganda's economy is unclear. Uganda, like other resource-scarce countries in Sub-Saharan Africa, puts a premium on foreign direct investment for the development of infrastructure, factories, and extractive industries that create jobs in most of the industries in the private sector of the economy (Batuo & Asongu, 2015; Odongo, 2012). Aligning foreign direct investment with industries promoting women employment reduces gender disparity by improving female job opportunities and female employees' earnings (Ouedraogo & Marlet, 2018). Ouedraogo and Marlet further noted that the narrowing of gender disparity is because of sound corporate practices such as corporate social responsibility adopted by multinationals, overall equilibrium impacts, and small spillover effects to other companies and sectors.

Foreign direct investment can also have reverse impacts on gender inequality. Anyanwu and Augustine (2013) noted that foreign direct investment, especially extractive foreign direct investment, leads to widening of gender disparity due to the hiring of more men into the workforce and the promoting of more technical training for men. Furthermore, inherent societal and cultural customs and other obstacles feeding negative gender implications may inhibit foreign direct investment impacts on gender inequality. According to Braunstein (2006), the influence of foreign direct investment on gender-gaps describe three primary modes of transmission; namely, general equilibrium effect (Braunstein, 2006), corporate social responsibility (CSR; Kodama et al., 2016), and technological spillovers (Nelson et al., 2015).

Gender disparity has attracted much focus among policymaking, international corporations, and research circles, because of its significant consequences for policy. According to Christine Lagarde, the IMF managing director, only 55% of the worldwide female population participates in the workforce, compared to 80% of the worldwide male population in the workforce. Women are paid 50% wage ranges compared to their male counterparts for similar tasks, while in the world of politics, women account for only 20% of law makers worldwide (Lagarde, 2016). Kochhar et al. (2016) reported that several studies had been conducted on the subject, covering the areas of fiscal policy analysis and more microeconomic analyses of women's domestic bargaining power.

I used varied literature to ground this study. My goal was to understand the relationship between foreign direct investment and gender disparity in the private sector in Uganda. As a significant source of capital funding for private as well as public sector organizations, foreign direct investment constitutes a source for fueling productivity and developing an economy that enhances labor demand and improves family incomes. Foreign direct investment can influence gender disparity and growth through general equilibrium effects, corporate social responsibility (CSR), and technological spillovers. According to Braunstein (2006), through the general equilibrium effect, foreign direct investment in a macroeconomic perspective can lead to organizational expansion and boost governmental earnings. The demand for labor and female workers' participation in

the workforce grows with the growth of the private sector (factories and industries), and government obtaining resources for investing in public infrastructure.

If the bulk of foreign direct investment goes to sectors with proportionally greater reliance on female workers, the demand for female employees will grow more compared to the demand for male employees, thereby lowering the labor force female participation gap (Aguayo-Tellez et al., 2014). The majority-overseas owned and multinational corporations bring new technology to host nations, subsequently giving rise to technological spillover to domestic firms and suppliers. When domestic firms acquire and adopt new technology, they ultimately offer wage premiums for retaining their newly- trained workforce (Ouedraogo & Marlet, 2018). The aligning of technology transfer to firms employing women will increase the demand for women employees (World Bank, 2012). Kodama et al. (2016) noted that some majority-overseas owned and multinational corporations implement CSR programs, following the demand by stockholders or overseas business owners for the adoption of more genderbalanced regulations.

#### **Background of the Study**

Foreign direct investment inflow to Uganda has grown steadily from the mid-1980s (UNCTAD, 1998), primarily fueled by the need to fill the spending gap between capital investment and domestic resources. Similarly, foreign direct investment is pivotal in the stability of foreign exchange due to flows on the financial accounts, and tax revenue for the government. The primary sectoral foreign direct investment inflow is for infrastructure development (construction), manufacturing, chemicals, hospitality, oil and gas, mining and quarrying, finance and business services, and agriculture. Foreign direct investment flows in these sectors create much needed jobs in the local economy. Correspondingly, Uganda's economy has grown modestly in the last 3 decades. Uganda's Gross National Income (GNI) per person - the average wealth per person grew from United States Dollars (USD) 320 million in 1990 to USD 600 million in 2017 (Uganda Bureau of Statistics (UBOS) (2018). Gross Domestic Product (GDP) per capita grew from USD 247 million in 1990 to USD 606 million in 2017 (UBOS, 2018). While over the three decades, the average GDP growth for Uganda is 6.49%, which is favorable compared to the economic decline during Idi Amin's dictatorial regime in the 1970s (UNCTAD, 1998) and the recovery period of the early 1980s to the late 1980s following Amin's fall (UNCTAD, 1998).

Gender equality constitutes a fundamental human right, and it is also a prerequisite for attaining emancipation of women, which is one of the pillars of the United Nations Sustainable Development Goals 2015–2030 agenda (UNSDG, 2015). Blanton and Blanton (2015) noted that foreign direct investment offers the opportunity for good jobs, affordable-quality healthcare services, educational services, genderbalanced opportunity in the economic and political sectors, and technological advancement bringing about, societal, and economic sustainability. As such, foreign direct investment is an indispensable economic globalization instrument, as well as an instrument of economic growth and development, and social elements as gender equality within the economics of resource-scarce countries such as Uganda (Batuo & Asongu, 2015). Anywanu and Augustine (2013) noted that gender inequality adversely affects economic growth owing to female empowerment and labor market- related limitations.

Uganda, like other countries in the world, continues to experience genderbased gaps, with women typically being the disadvantaged gender. In the areas of employment opportunity, women in leadership, and wages gender inequality means there is bias in women accessing the same job opportunity, career advancement, and equal wages as men despite possessing identical qualifications and skills. There is also a need to surmount persisting barriers, for ensuring gender equality. Some of the significant challenges include education, healthcare, physical or sexual abuse, and property ownership and rights (Goel, 2018; Wakyereza, 2017). Ugandan women are generally more disadvantaged and less qualified, with limited employment opportunities as compared to men, in addition to lower earnings and lower access to resources.

According to Wakyereza (2017), Ugandan women are continually faced with significant barriers and limitations in their daily lives. For example, teenage girls are characterized by lower rates of school admission and completion as compared to boys, with parents prioritizing their male offspring's education and putting fewer resources toward girls' education. Yet education for either girls or boys underpins their ability to acquire requisite skills necessary for entry to the workforce later in their lives. Women are also subject to violence and with lower rates of political elected offices. To the contrary, women expend a significant portion of their daily effort doing domestic tasks with a lower rate of labor market involvement, as compared to men (United Nations, 2015). Working Ugandan women experience continual workplace bias and gender-based career advancement and wage disparity. According to Pieters (2018), even in the absence of employer discrimination against women, gender inequality in employment and wages can result from gender differences in worker characteristics. Pieters further noted that, whereas men and women have equal cognitive abilities, men have more physical strength than women. In production processes that use more simple machinery and equipment such as in Uganda's economy, workers tend to require more physical strength to be highly productive, hence men are more preferred over women by employers.

The United Nations Sustainable Development Goals 2015–2030 agenda (UNSDG, 2015) implores gender equality and women's emancipation as one of the pillars of these goals. Gender equality brings about improvements in female welfare and narrows the gender gap for moral, societal and economic reasons. Goel (2018) and Ouedraogo and Marlet (2018) reported that growth in women's earnings led to a more effective domestic resources allocation and increased the allocation of funds toward healthcare, nutrition, and education.

#### **Problem Statement**

Gender inequality in the form of employment opportunity, career advancement, and GWG occurs at places of work in organizations and government agencies worldwide (Vahter & Masso, 2018). Vahter and Masso (2018) noted that in Estonia, a country with the most significant gender wage gap in Europe, the gender wage gap in foreign-owned firms was 39.8% compared to 18.8% in domestic firms. The general problem is that the findings on the relationship between foreign direct investment inflows to developing countries and gender inequality are mixed. Kaulihowa and Adjasi (2017) noted that gender inequality increases with the initial inflow of foreign direct investment; however, gender inequality decreases with further inflows of foreign direct investment. Anyanwu and Augustine (2013) noted that foreign direct investment, especially extractive foreign direct investment, leads to widening of gender disparity due to the hiring of more men into the workforce and the promoting of more technical training for men.

Considering findings of other research studies that foreign direct investment improves female empowerment in other countries (Kodama et al., 2016; Ouedraogo & Marlet, 2018; Blanton & Blanton, 2015), the findings in this research could prove vital to ascertaining the positive correlation between foreign direct investment and gender equality in the private sector in Uganda. Odongo (2012) noted a positive correlation between foreign direct investment inflows and economic growth, and subsequent job creation in Uganda's private sector, however, because foreign-owned and domestic firms in the manufacturing sector prefer male workers to female workers (Odongo, 2012), the effect of foreign direct investment inflows on gender inequality is not apparent. The specific problem is that the effects of foreign direct investment inflows to Uganda on gender inequality is uncertain.

#### **Purpose of the Study**

The purpose of this quantitative, correlation study was to determine the relationship between foreign direct investment as a predictor variable, and the percentage of female workers, the percentage of women in leadership positions, and GWG as response variables in the manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health sectors in Uganda's economy. In this study, I used secondary data from various databases, including foreign direct investment inflows to Uganda in U.S. dollars gathered from BOU database. I also gathered data on men and women's employment statistics from Uganda Bureau of Statistics UBOS database.

#### **Research Questions and Hypotheses**

This research inquiry entailed finding answers to research questions (RQs) relating to the association between foreign direct investment and the dependent variables.

RQ1: What is the relationship, if any, between foreign direct investment and the percentage of female workers in the private sector in Uganda.

 $H_01$ : There is no relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda.

Ha1: There is a relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda.

RQ2: What is the relationship, if any, between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

 $H_0$ 2: There is no relationship between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

*H*a2: There is a relationship between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

RQ3: What is the relationship, if any, between foreign direct investment and gender wage gap in the private sector in Uganda.

 $H_0$ 3: There is no relationship between foreign direct investment and gender wage gap in the private sector in Uganda.

*H*a3: There is a relationship between foreign direct investment and gender wage gap in the private sector in Uganda.

#### **Theoretical Foundation**

Batuo and Asongu (2015) reported that Uganda, like other resource-scarce Sub-Saharan African countries, places a premium on foreign direct investment to fund the development of national infrastructure, and manufacturing plants and extractive industries within the private sector of the economy. As a result, there is economic growth and productivity, which generates jobs, government tax and non-tax revenue, technology and skill transfer, and the overall growth of the GDP and foreign exchange rate stability (Phiri, 2016). To the contrary, Anyanwu (2016) noted that foreign direct investment exacerbates gender disparity owing to the inclination to hire more men, particularly in the extraction industries. There is some evidence that gender-based wage inequalities are worsening in some countries because of foreign direct investment (Seguino & Grown, 2006). In keeping with the above idea, and that of resource transfer from resource-rich to resourcedeficient countries and the rampant discrimination against women at workplaces, I used the following theories as the basis for this research.

According to Chabot and Duyvendak's (2002) classical diffusion theory, inventions, resources, and inventiveness stem from the industrialized countries of the West (Northern Hemisphere) and drift into the recipient less-industrialized or developing nations of the Southern Hemisphere. The authors of the World Development Report (2012) noted that merchandise trade in the low income and middle-income countries increased from 31% of gross domestic product (GDP) in 1993 to 57%, evidencing both a significant North-South and South-South trade openness. This report also noted significant changes in foreign direct investment in all regions, where foreign direct investment flows increased from 0.5% of the GDP in 1980 to 4% in 2008. Moldovan (2016) noted that along with the North-South and South-South trade openness and foreign direct investment flows aligns with gender equality (feminist) social movements. Together, these global trade feminist social movements and globalization affect the social status of women in foreign direct investment recipient countries. Moldovan, further noted that women are indispensable participants of foreign direct investment inflows, trade, transfer of cultures, and social movements (globalization). Blanton and Blanton (2015) argued that gender equality and the economic, political, and cultural emancipation of women is conventional wisdom.

Blanton and Blanton (2015) contended that female equality and their cultural, economic, and political freedom is traditional wisdom. The theory is in line with

motivations of conventional, for-profit companies that have no clear CSR missions. Multinational corporations that enter the local market embody resource advantage over the locals (UNCTAD, 2007). As such multinational corporations provide more lucrative compensation, and improved working conditions for recruitment and retention of competent personnel. Personnel skill training and development, especially in adapting to new technology, are fixed organizational costs that generate cost motives when it comes to retention of competent workers.

The second theory is the 1957 discrimination theory put forward by Becker reviewed by Leonard (1957) and reported by Chaudhuri and Mukhopadhyay (2014). Becker noted that organizations are biased in their treatment of women employees, giving them lower wages as compared to their male counterparts. Becker further claimed that in a competitive market, unequal treatment of minority communities and the female population dwindles. Additionally, there is increased demand for poorly-paid female labor, thus increasing female earnings and bringing down the gender wage gap (GWG).

Following from Becker's theory mentioned above, Black and Brainerd (2002) reported that greater commodity market competition within any given nation or sector reduces gender-based employment and income inequality with time. Black and Brainerd postulated that every organizational interaction within the local economy filters through the cultural gender values of the country, thus limiting individual companies' capability of promoting gender equality in society. Foreign direct investment potential to positively impact on gender equality is reliant on the influence of the foreign direct investment on local institutions. In the end, effective spillover necessitates organizational influence on local institutions. Within countries marked by weak institutions and robust cultural filters, overseas-owned organizations may not have any spillover impact when it comes to bringing about wide-ranging gender equality (Demir, 2016). The significance of cultural filters concerning gender equality informs opportunities for public policy intervention.

#### Nature of the Study

I used a correlational, quantitative study design in this study. Kahika and Karyeija (2017), as well as Nordman and Wolff (2009), indicated that quantitative correlational research designs define the link between the independent variables and the dependent variable. Within the context of this study, the quantitative simple linear regression design using the Ordinary Least Squares (OLS) technique was relevant to the link between foreign direct investment and percentage of women employees, the percentage of women in leadership positions, and GWG within Uganda's formal sectors: manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health sectors. In the study, I used models that represented theoretical concepts and I segregated factors into measurable variables. I also used information acquisition techniques to obtain data that I converted using descriptive analysis-quantitative techniques to test the hypotheses. Deductive reasoning is the dominant process in quantitative studies, with study hypotheses helping the researcher to create or frame research questions.

According to Curtis et al. (2016), there are three possible outcomes of a simple linear regression analysis: positive, negative, or no effect. Positive effect between any two variables occurs when a growth in one of the two gives rise to a growth in the second as well and vice versa. For example, the savings on auto insurance of a household positively effects how many automobiles are owned. Negative effect occurs when the growth of one variable results in a decline in the other and vice versa. Consider, for instance, the possible negative correlation between academic qualification and crime rates. In other words, if the educational level of a country's citizens improves, the nation may witness lower crime rates; however, this does not imply that low educational qualification results in criminality. Instead, the two may share a common cause, namely, destitution. No effect exists between two variables if any alteration to the independent variable has no impact on the dependent variable. For instance, among the wealthy, there may be no correlation between money and happiness.

In this study, I used secondary information and answered questions by testing hypotheses to ascertain the relationship between inflow of foreign direct investment with the percentage of women employees, percentage of women in leadership positions, and GWG in the manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health sectors of Uganda's economy. Simple linear regression analysis involves measurement of the direction and intensity of the linkage between two or more variables (Frankfort- Nachmias & Nachmias, 2008). Study findings could show the association between foreign direct investment and three distinct dependent variables which are measures of gender disparity; i.e., the percentage of women workers, percentage of women in leadership positions, and GWG within the specific industries of Uganda's economy.

Simple linear regression is an analytic technique rendered easily accessible thanks to the introduction of computers during the late 20th century (Curtis et al., 2016). In this study enquiry LMR involved testing the aggregate effect of foreign direct investment on gender disparity in the form of the percentage of women employees, percentage of women in leadership positions, and GWG in Uganda's formal sector. In this study, I ascertained whether programs at the organizational level have spillover impacts in lowering gender inequality in the local economy.

#### Definitions

*Agricultural Firms:* The finished goods of agricultural firms (e.g., food and agrochemical companies) facilitate agricultural practice (Lans et al., 2013).

*Corporate Social Responsibility (CSR)*: CSR is an evolving business practice that incorporates sustainable development into a company's business model. It has a positive impact on social, economic and environmental factors. (Schooley, 2019).

*Foreign Direct Investment (FDI)*: Such investments are by individual or organizations originating from resource-surplus nations and hosted mostly in resource-scarce nations. Components of foreign direct investment include equity capital, reinvested earnings, and borrowing from foreign entities (Phiri, 2011). The difference

between direct and indirect foreign investments (e.g., portfolio flows) is that indirect foreign investments involves equity investment on the part of foreign entities. Indirect foreign investments also sometimes listed on the stock exchange of the host country. Individuals, groups or organizations that directly invest in another nation have considerable power over the organization they invest in (Ouedraogo & Marlet, 2018).

*Foreign Direct Investment Spillovers*: Foreign direct investment spillovers (or externalities) are the indirect advantages of the presence of an overseas-owned or multinational organization in the country; for instance, transfer of technology through employee turnover and opportunities for local suppliers (Nelson et al., 2015).

*Gender Gap*: This gap denotes undue inequity between women and men. Within the organizational context, this involves gender-based differences in wages or job opportunities. In most instances, the wages or salaries of male employees are more than that of their female counterparts for the same or similar work. Likewise, gender gaps persist in the educational domain, with men enjoying more and better prospects and opportunities when compared with women (Vahter & Masso, 2018).

*Gender Inequality*: This inequality denotes a difference between minors as well as adult men and women in every area of life, such as healthcare, education, nutrition, protection from aggression and force, and access to political and economic opportunity, resources, and assets (Nordman & Wolff, 2009; Ouedraogo & Marlet, 2018).

*Gender Wage Gap* (*GWG*): Gender wage gap is the difference between wages earned by men and wages earned by women. The gap is measureable in various ways, but the most common method is to look at full-time, full year wages (Black & Brainerd, 2002).

*Gross Domestic Product (GDP)*: GDP represents market value or total stock of wealth or finished goods and services originating in a given country in a specific year (Wakyereza, 2017).

*GDP per capita*: The average wealth per person in a given country in a specific year (Daily Monitor, 2019).

*Gross National Income (GNI) per person*: Combines both domestic and foreign income by nationals but excludes income by non-nationals (Daily Monitor, 2019).

*Multinational Corporations (MNCs)*: GÖrg and Greenway (2003) defined multinationals as organizations whose activities span across two or more nations.

*Non-Agricultural Firms*: Such organizations utilize instruments and resources such as labor for providing merchandise for use. These companies convert parts and raw materials into finished products and cover service as well as production organizations.

#### Assumptions

I assumed that foreign direct investment, as a tool for economic growth and development, would contribute significantly to host nations' economic development, with women enjoying the benefits of increased employment opportunity, advancement to leadership positions, and equal wages grounds this research project. Secondly, the research data (secondary data) comes with the benefits of preliminary screening, minimized errors, and assessed for any violations of statistical procedures (Warner, 2013). I also assumed that the analysis of this study would produce fair outcomes.

#### **Scope and Delimitations**

The research scope revolves around the relationship between foreign direct investment and gender gaps in Uganda's private sector. The research data gathered and scrutinized from multiple sources would underpin the evidence for the link between foreign direct investment and gender inequality. Official databases maintained by BOU database was the source of secondary information on foreign direct investment for this research project. Furthermore, the data on men and women's employment statistics was available in the UBOS database.

#### Limitations

Limitations, such as non-fitting study design, variables not tested in previous studies, wrong assumptions, and problems in quantifying research data would limit this study (Warner, 2013). Furthermore, a correlational study design does not support inference of any decisive causal linkage between variables. However, some approaches minimize such limitations. First, the choice of a quantitative correlation design with the OLS technique and the use of variables tested in previous studies simplified the analysis of the association between variables, and interpretation of outcomes. Then, secondary information from multiple sources grounded this study. However, relevant secondary data was, at times, unavailable; meanwhile, some information on hand was hard or even impossible to aggregate because of inadiquancy and missing years of of data on the UBOS database. Even then, as Warner reported, the benefit of using secondary data included preliminary screening, minimized errors and bias, and prior assessment for any violations of statistical procedures.

Furthermore, a generalization of the outcomes of this study to ascertain whether programs at the organizational level have spillover impacts when it comes to lowering gender inequality in the national economy would be limited. Aspects of the study design such as control factors omitted and not accounted for in the OLS model and the distinctions in foreign direct investment aligned with male dominated and female dominated employees would underline this limitation. This research was also subject to the limitations of quantitative study techniques in general, including the challenge of collecting sensitive data concerning an organization using a structured information acquisition process, and data loss in the process of data conversion to numbers and analysis.

#### Significance of the Study

This research entailed an analysis of linkage between foreign direct investment and the percentage of women employees, the percentage of women in leadership positions, and GWG within Uganda's private sector. The UN Sustainable Development Goals (SDG) 2015–2030 (UNSDG, 2015) agenda encompasses female emancipation and equality among the pillars of its goals.

#### **Significance to Practice**

Consequently, this research proved valuable because it facilitated identification of foreign direct investment role in gender equality, in terms of percentage of women employees, the percentage of women in leadership positions, and GWG within Uganda's private sector. Katamba et al. (2014) observed that multinational corporations can utilize CSR programs for facilitating the attainment of Ugandan SDGs. This research work is, thus, applicable to the Uganda context as well as to other Sub-Saharan African nations. The economic advantages of an earnings source for women as well as men owing to new employment opportunity, equal wages, and career growth, overall, are significant. According to Moldovan (2016), women are a crucial contributor to globalization, reflected in commerce, cultural transfer, societal movements, and foreign direct investment.

Furthermore, Blanton and Blanton (2015) reported that female equality through their cultural, economic, and political emancipation has societal advantages. The research findings would relate to the association between foreign direct investment and the dependent variables, namely, the percentage of female workers, the percenttages of women in leadership positions, and GWG within Uganda's private sector. In turn, policymakers and direct investors can use this research work's findings for dealing with gender inequality-related problems. The effects of findings of this research for positive societal transformation arise chiefly from the social and economic advantages of income generation on the part of women through paid employment and fair wages. Understanding the impacts of foreign direct investment on gender inequality was pivotal to enhancing gender equality in a local economy like Uganda where women are generally less qualified, more disadvantaged, and with limited employment opportunities as compared to men. Foreign direct investment inflows aligned with firms favoring and generating more male-focused employment opportunities further a differentiated gender-based influence within a local economy with already gender-biased workforce. Multinational corporations tend to have two or more purposes when making decisions to investing in another country, but it is a widely acknowledged idea that multinational corporations undertake the following three critical forms of foreign direct investment: asset or efficiency-hunting, market- searching and market share capturing, and resource-exploring. Based on the objective of foreign direct investment (resources, market, productivity, and technology transfer), specific host nation factors (political stability, freedom of doing business, skilled labor, and infrastructure), denominate a multinational corporation's host country selection. However, currently, locational cost differences, infrastructural quality, skill access, business-related quality services (e.g., financial, transportation and communication, and broadband internet access), and ease of conducting business activities (Obwona, 2001), drive the competition for foreign direct investment.

#### Significance to Theory

This research offered a chance to highlight the foreign direct investment theory's significance within the context of Ugandan gender disparity. The potential contributions to the literature include. First, it controlled for the variable of structural transformation, frequently neglected within employment estimations. Furthermore, considering the

challenges associated with finding uniform, gender-based, and dependable information on foreign direct investment inflow to Uganda, this single study involved an in-depth analysis of data sources, thus helping future researchers and other interested entities more easily locate information for further analysis of foreign direct investment impact on Uganda's workforce gender inequality. Lastly, this study potentially added to the literature by proposing policy guidelines capable of facilitating decision-making by policymakers in Uganda as well as other less industrialized nations. The literature surrounding foreign direct investment influence on gender disparity is not consistent, and this study may help rectify that. The study findings highlighted a positive relationship between foreign direct investment and percentage of female leaders and GWG; although I found no relationship between foreign direct investment and percentage of female workers. Hence, the existence of a link between foreign direct investment and the GWG, as suggested by prior theory, was demonstrated. Even then, the study findings may or may not diverge from what the theory proposes. Research findings expanded the theory by adding ideas and associations to it. The study also enabled a comparison of the two theories which grounded it. Most societal phenomena have two or more theoretical explanations (Buckley, 2018). Furthermore, theories are based on observation of phenomena (patterns or regularity). The findings of this study, in part, confirmed and disconfirmed the basis of the above theories.

#### Significance to Social Change

This research work could bring about societal transformation since the flow of foreign direct investment to Uganda can create opportunities for a broad spectrum of stakeholders. The ripple effects of foreign direct investment on the economy of Uganda include enhancing female empowerment and or emancipation, gender equality, and technological and competence transfer to the workforce through training. The findings of this research work could contribute to identifying approaches to the promotion of gender equality. Furthermore, the research findings could also improve insights into the association between foreign direct investment and female empowerment. The research focus was, in many ways, vital to surmounting challenges cited concerning foreign direct investment adaptation in individual economies within extant literature dealing with the link between female empowerment and foreign direct investment. For example, according to literature, the association of local politics with overseas markets by exploring how instrumental the global capital component has the capability of impacting a nation's local politics (Blanton & Blanton, 2015).

Probably an exciting area of further research is studying the impacts of foreign direct investment on societal, gender-specific spending. According to Kim (2015), no researchers have endeavored to research into the impacts of foreign direct investment on societal, gender-specific spending. Furthermore, though it is a common argument that foreign direct investment capital could influence both retrenchment and employment opportunities, the impact of foreign direct investment capital on national growth across the gender divide has seldom featured as the subject of research papers.

#### **Summary and Transition**

Chapter 1 included a summary of the impacts foreign direct investment has on Ugandan gender inequality. This chapter further stated the country's gender inequality

22

status and status of foreign direct investment inflows into the country's economy, besides the possible female employment opportunities and career advancement. Gender empowerment assumed the form of a more significant percentage of women employees, equitable salaries or wages, and access to leadership positions; but a key concern was the approaches to achieve these gains. One approach for dealing with Uganda's gender disparity challenge was through the practical benefits of foreign direct investment. Chapter 1 also included a review of the underlying theory of foreign direct investment that underscored the relationship between foreign direct investment, and female empowerment and equality promotion. Specifically, this chapter covered an analysis of the significance of foreign direct investment to the generation of jobs for women, leadership positions for women, and bridging the GWG in the formal sector of the economy. Finally, Chapter 1 included a review of the background or history of Uganda's foreign direct investment inflow and problems of gender disparity. Foreign direct investment represents a vital source of the national capital, generating job opportunities for innumerable citizens and residents of the nation.

Chapter 2 includes a review of relevant prior studies. Lastly, I draw from the literature review for studying the contribution of foreign direct investment on gender disparity within the context of less industrialized nations. In addition to problems linked to sustaining foreign direct investment inflows to resolurce scarce nations, I will in Chapter 2 review foreign direct investment inflows concerning female empowerment and equality.
### Chapter 2: Literature Review

It is in developing nations, more than in the developed nations, where the female population encounters countless barriers toward women's emancipation in their everyday endeavors. There is a lower percentage of women in the workforce in developing countries (United Nations, 2015; Goel, 2018). According to Lagarde (2016), only 55 % of women participate in the labor force, compared to eight out of 10 men. Women continue to earn roughly half the wages their male employee counterparts do for similar work; in addition, women represent a mere 20% of parliamentarians worldwide. For women who are in the workforce, there are constant barriers to their equal representation in the workforce, advancement to managerial positions, and improved wages and working conditions.

In the education sector, education of a female child is a lower priority to parents than the education of their male siblings. The cultural ideology in some communities, where girls are a source of income through bridal prices, compounds the lower enrollment of girls for primary, secondary, and tertiary education. Similarly, men's position as providers to households through formal work, suppresses women's voices in civil matters, relegating them to household duties in most of the developing countries. It is imperative that stakeholders in the local economies attend to the problems caused by gender inequality and recognize women as crucial contributors to national growth and development.

The purpose of this literature review is to explore the concept of foreign direct investment and its effects on the percentage of women in the workforce, women in leadership positions, and equitable wages for women in sectors of the Uganda's private sector. This chapter is organized as follows: the concept of foreign direct investment and the global trend; foreign direct investment, women, and the labor markets; the association between foreign direct investment and gender inequality; an outline of the trend of foreign direct investment in Uganda; the association between foreign direct investment in Uganda; and a summary and conclusion.

### **Literature Search Strategy**

For this empirical study, I adopted the desk research literature research strategy. The literature research encompassed developing countries in the Sub-Saharan Africa, The Far East and Latin America with specific emphasis on East African countries with Uganda as the unit of study. I sourced the literature for the study from reliable and reputable online databases such as Business Source Complete, Emerald Insight, Sage Journals, Science Direct run by Walden University. Other online databases I researched included American Economic Review, African Development Review, Research Gate, Nations Conference on Trade and Development (UNCTAD), International Labor Organization (ILO), World Bank, Uganda Investment Authority (UIA) databases, Bank of Uganda (BOU), Uganda Investment Authority (UIA), Uganda Bureau of Statistics (UBOS) databases.

I used the Google search engine to conduct the literature research, using search terms and a combination of terms such as, but not limited to: *foreign direct* 

investment in Sub-Saharan Africa; foreign direct investment and gender inequality; foreign direct investment in Uganda; foreign direct investment, employment, and wages; effects of foreign direct investment on women employment and wages in Uganda; and multinational corporations and the transfer of technology and culture.

### **Theoretical Foundation**

The two theories that grounded this study were the classical diffusion theory and the discrimination theory. According to Chabot and Duyvendak's (2002), as captured in their classical diffusion theory, inventions, resources, and inventiveness stem from the industrialized countries of the West (Northern Hemisphere) and drift into the recipient, less industrialized or developing nations of the Southern Hemisphere. While the basis for the 1957 discrimination theory put forward by Becker, reviewed by Leonard (1957), as reported by Chaudhuri and Mukhopadhyay (2014) is that organizations treat women employees differently than men, giving them lower wages as compared to their male counterparts.

Multinational corporations offer labor and earning opportunities for women that help narrow gender gaps through favorable organizational policies, cultures, and operational procedures (Anyanwu, 2016; Bui et al, 2018; Carr, 2016; Vahter & Masso, 2018). According to Batuo and Asongu (2015), Uganda, like other resource-scarce countries in Sub-Saharan Africa, places a premium on foreign direct investment to fund the development of infrastructure, factories, and extractive industries in the formal sector of the economy. Consequently, the development and productivity in the formal sector create jobs, boosts government tax revenue, stabilizes foreign exchange rates, and contributes to the overall Gross Domestic Product (GDP) of Uganda.

Unfortunately, foreign direct investment is felt to create work insecurities for women. Traditional beliefs, community cultures, and ethos also have a large impact on how the host country perceives and accepts foreign direct investment. Anyanwu and Augustine (2013) noted that foreign direct investment leads to widening of gender inequality because of the preference in recruiting more men into the workforce, especially in the extractive and heavy technology industries.

The lines of transfer of resources from the resource-surplus nations to the resource-scarce nations and discrimination against women partly inform the basis for my choice of theories that I used to ground this study. Similarly, according to Pieters (2018), the important determinants of gender inequality in employment and wages are discrimination and differences in characteristics of men and women. For these reasons, classical diffusion theory and discrimination theory form the theoretical foundation of the study.

# **Literature Review**

### The Concept of Foreign Direct Investment

Foreign direct investment is defined as an investment involving a longterm relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in a corporation based in an economy other than that of the foreign direct investor (UNCTAD, 2007). Foreign direct investment implies that the investor has a significant level of leverage on the operations and management (normally 10% or more of the voting stock) of the corporation domiciled in the host economy. Forte and Moura (2013) and Ray (2012) described the concept of foreign direct investment as the flow of capital from foreign investors in another country to a host country with the objective of acquiring controlling equity, and an upper hand in the management of the firm in the local economy.

Foreign direct investment inflows to host countries worldwide stood at UDS 1.93 trillion for 2017 alone (UNCTAD, 2018). Foreign direct investment encompasses equity capital, reinvested earnings, and intracompany loans. Equity capital is the foreign direct investor's purchase of shares of a corporation in a country other than its own. Reinvested earnings comprise the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates, or earnings not remitted to the direct investor. Such retained profits by affiliates are reinvested. While, intracompany loans or intracompany debt transactions refer to short- or long-term borrowing and lending of funds between direct investors and affiliated enterprises (UNCTAD, 2018).

Anyanwu (2012) noted that foreign direct investment contributes to the global economy through bridging the gap between domestic savings and investment capital, creating new jobs, improving productivity (technology transfer and better managerial practices), stabilizing foreign exchange, and providing tax revenue. Similarly, foreign direct investment boosts export trade and backward and forward linkages, hence, overall it enhances the development of the local economy (Bustos, 2011). Through a long-term commitment to the corporation, capital through foreign direct investment constitutes direct and indirect benefits (spillovers). Technology transfer is the most tangible spillover through which gender inequality is affected by foreign direct investment. Competition in the new global economy coupled with free mobility of foreign direct investment can lead to the application of skill- and capital-intensive technology. A competitive advantage for foreign corporations in a local economy encompasses a capacity inform of cost advantages, advanced technologies, and products and service superiority in a host economy (Vijaya & Kaltani, 2007). Most important, mobility of labor as a factor of production from foreign firms to local firms enhances the spillover of the new technologies.

# Foreign Direct Investment, Women, and the Labor Market

Women make up about 40% of all employed workers in the world. In the developed world 54% of the female population of the working age is employed in formal work, compared 51% of the female population of the working age in the developing countries (ILO, 2010). Furthermore, in some developing nations women constitute as much as 80% of the workforce in the manufacturing sector, especially in small electronics, apparel, and agricultural processing (ILO, 2010). When considering labor income, empirical studies done in the recent past from both developing and developed countries show that there is still a significant GWG. The GWG averages from 23% in the developed world to about 27% in the developing world.

There is also limited literature covering the areas of demand for women's labor, and the effects foreign direct investment on the percentage of women in the

workforce and the GWG. The existing scholarly reviews suggest that foreign direct investment leads to a reduction in the GWG. Nonetheless, the data from the few existing scholarly reviews are country-specific and not generalizable to other nations (Ouedraogo & Marlet, 2018; Tejani & Milberg, 2010).

Cross-country analysis reveals unclear effects of foreign direct investment on gender inequality in the developing countries (Coniglio et al., 2015; Portrafke & Urprung, 2011). This nonuniformity manifests over time or across geographical regions. Factoring in country-specific unique employment or resource conditions when analyzing the effects of foreign direct investment on gender inequality may help reduce the nonuniformity of effects. It is, therefore, worth noting from these observations that there is always an exception when it comes to the effects of foreign direct investment on the percentage of women in the workforce, women in leadership or managerial positions, and the GWG in the developing countries (Aguayo-Tellez, 2012; Ouedraogo & Marlet, 2018). Unskilled women workers make up a major percentage of the informal sector for most developing countries. In Asia and Africa, for example, women work primarily in agriculture processing. Given this reality, women are at a disadvantage due to foreign direct investment policies, which do not align with the informal sectors of the local economy.

Evidence shows that foreign direct investment has not had as much positive effect on women in the developing countries compared to the developed West. Researchers using computational general equilibrium (CGE) models have also found a negative impact on gender inequality by foreign direct investment in Ethiopia and South Africa (Hakura et al., 2016). Hakura et al. identified various socioeconomic characteristics in the labor force, as well as the general composition of the industry, including the relative size of the agricultural sector influence the magnitude of the impact on gender inequality. Study findings by Ghosh and Ramanyake (2018) indicated a similar pattern in Madagascar where unskilled women form a great portion of workers in the textile industry. These findings reveal that investment in skill development for women, especially in developing countries, demands attention from development players. This is especially true given the evidence that foreign direct investment leads to a negative impact on gender wage inequality where unskilled women workers make up a significant portion of an industry's workforce. Ghosh and Ramanyake recommended that improving educational opportunities for girls and women would lead to them attaining higher paying jobs and thus reducing gender inequality because of differences in educational attainment or skill development between the two genders.

# **Foreign Direct Investment and Gender Inequality**

There are limited research studies on foreign direct investment and its impact on gender differences in the developing world. The existing studies, for the most part, involve analysis of women employment in multinational corporations and exploration of a key divide that exists among gender working conditions such as GWG (Coniglio et al., 2015; Ghosh & Ramanayake, 2018; Latorre, 2016). Effects of foreign direct investment on gender

inequality are dependent on global and local conditions including conditions related to government policy, cultural norms, consumer preferences, and resource endowments.

On a positive note, where a lot of foreign direct investment flows into industries inclined to female employment, the percentage of women in the workforce in such industries is higher than or equitable to the percentage of men. Furthermore, an increase in foreign direct investment provides more tax revenue that can be used to advance certain protective policies to advance the cause of women in the workplace and so reduce gender inequality (Latorre, 2016). Gender disparities existing in human capital would also decrease if trade lead to an increase in economic growth and an improvement in the quality of services provided by the government (Aguayo-Tellez, 2012).

Foreign direct investment affects domestic prices, which leads to adjustments in production, use and distribution of inputs for various processes in the domestic economy (Aguayo-Tellez, 2012). It therefore follows that labor is one of the areas that it affects. The effect on labor may vary based on factors such as differences in the type of industry, level of education, skill levels and expertise, sex categorization. Foreign direct investment, therefore, may affect men and women differently. One of the factors that foster international trade and foreign direct investment, Aguayo-Tellez (2012) noted is the related price arbitrage on services and goods. Changes in relative prices of a good or service change the economic incentives of the agents and thus induce the reallocation of various factors of production to realize optimal benefits from such changes (Aguayo-Tellez, 2012). For labor, liberalization of trade and foreign direct investment lead to the modification of wages and proportion of the various social groups in the workforce, including men and women. One of the areas that foreign direct investment affects gender inequality is the pricing of wages, hence the GWG (ILO, 2018; Pieters,

2018). Furthermore, Aguayo-Tellez noted that foreign direct investment affects an economy's labor conditions. When there is a lot of foreign direct investment, wages increase as workers have more options and this forces local producers to increase their wages to retain their workers. Where the technology adopted complements female labor, there is an increase in the relative demand for female labor, so women's relative wages and percentage in the workforce rise (Vijaya & Kaltani, 2007).

Aside from the gender inequity considerations, liberalization policies in the areas of gender outcomes can have a significant impact on long-term growth perspectives. Most study findings indicate that the empowerment of women and the creation of equitable household income leads to increased budget allocation on health, nutrition, and education of children at the household level. Arguably, to achieve a reasonable level of women emancipation more initiatives to incorporate women into multidisciplinary programs are necessary. To that effect a global trend of multinational corporations that implement corporate socially responsible policies toward more participation of women in the workforce see women embrace new values and philosophies in most aspects of their lives, in turn benefits foreign investors (Tanaka, 2015). An equitable income has a tremendous effect on the human capital of a country and overall accelerates human development. Batuo and Asongu (2015), using a panel data analysis of 26 African countries investigated the impact of liberalization policies on income inequality in African countries. Their study findings indicated that financial liberalization has enhanced income-redistributive effect; trade liberalization has incidental equality income redistribution, while institutional or political freedom has a negative income redistribution (Batuo & Asongu, 2015).

The empirical literature on the effects of foreign direct investment on gender inequality utilize specific parameters, and the common parameters are the percentage of women in the workforce and GWG (Ouedraogo & Marlet, 2018). The other parameters used to measure gender inequality are women in elective or political office, women in leadership positions, male and female school enrollment, relative health, and general men and women's well fare. Following is an assorted range of deductions from comparing gender inequality based on the percentage of women in the workforce, women in managerial positions, and the GWG in some foreign direct investment recipient countries

# Effect of Foreign Direct Investment on Percentage of Women in Workforce

Scholarly reviews utilize the level of the percentage of women in the workforce as a variable for establishing gender inequality. Most scholarly articles highlight how foreign direct investment creates chances for female workers. Seguino and Grown (2006) agreed with the above by proposition suggesting that foreign direct investment positively effects gender inequality through a large representation of women employees in taskladen sectors in emerging nations that rely on foreign direct investment. Nevertheless, global rivalry, and the new global economy labor arrangements where capital can move to countries with cheaper labor could minimize the bargaining power of labor, and the demand for task-laden firms which are left with no option but to reduce the value of manual work (Ouedraogo & Marlet, 2018; Seguino & Grown, 2006). Jaffri et al. (2015) noted that foreign direct investment inflows focused on soft-skilled industries enhanced the percentage of female workers in the workforce. In the mechanical and customer service sectors, Jaffri et al. (2015) argued that foreign direct investment increased gender inequality by decreasing the percentage of women in the workforce, because in these sectors men are considered competent workers preferably because of the capacity of prowess compared to women.

Literature exists on appropriate culture, government and organizational policies as requisites to a conducive working environment for women, and profitable and sustainable enterprise. Chen et al. (2013) obtained statistics of Chinese organizations for the year 2004 and established how the level of women employees had grown by 13% due to multinational corporations' presence in similar areas, as opposed to local industries. According to Chen et al. (2013) multinational corporations also offered favorable wages to women workers which reduced the income gap between men and women. Olcott and Oliver (2014); Kodama et al. (2016) and Carr (2016), in their studies, confirmed how multinational corporations positively impacted the percentage of women workers in organizations. Latorre (2016) analyzed the impact of foreign direct investment and tariff reforms on female and male workers in Tanzania. Using a data set that distinguished labor by gender for 52 service sectors and four skill levels. She applied a computable general equilibrium model (CGE), modified by the Dixit-Stiglitz framework. Her study findings indicated productivity gains with subsequent wage increases across the board for all workers, but the gains in productivity and wage increases benefited women less because of women's poor skills and lower level of involvement in the service sector (Latorre, 2016). Similarly, Potrafke and Ursprung (2011) empirically analyzed the

influence of globalization on institutional root causes of as measured by the new OECD Social Institutions and Gender Index (SIGI). Using data covering 100 developing countries, their findings indicated that globalization had a positive influence on gender equality. Coniglio et al. (2015) also investigated the difference between multinational corporations and local firms with respect to female employment and wages in Vietnam. Their findings indicate that even though multinational corporations create more employment opportunities for unskilled female workers compared to local firms, they paid lower wages.

Along the same vein, a study on the effects of foreign direct investment on women employment using Indonesian aggregated data, found a positive relationship between foreign direct investment and female employment in agriculture, and a negative effect on hospitality and manufacturing sectors by foreign direct investment (Kis-Katos et al., 2018). Using Turkish plant-level data, a study found that the share of women's employment in the manufacturing sector rises as the export level rises. Nonetheless, in plants that have relatively high women employment, increased investment in machinery does not necessarily translate to an increase in female employment (Amin et al., 2017). Amin et al. (2017) noted that gains in female employment after foreign direct investment may be reversed because of technical development. Many Asian countries report a positive relationship between women's relative employment and foreign direct investment (Beladi et al., 2016; Kis-Katos et al., 2018). Anyanwu (2016) utilized data obtained from a specific duration of time (1991- 2011) through ordinary least squares (OLS) method. Comparison of women to men of 15-24 years represented on a 55% range across Africa as well as 44% across sub-Saharan Africa (SSA) indicated a rise in female and male balance in the occupation level of young adults due to a 1% upsurge of foreign direct investment in relation to GDP level.

Contrary to the above positive trend on the effects of foreign direct investment on the percentage of women in the workforce, in the case of India, Menon and Rodgers (2009) utilized household data gathered from 1983 to 2004 to suggest that foreign direct investment may have a negative effect on women's wages and employment when the data are properly weighted for skills. The negative effect arises from nonenforcement of labor laws that are designed to guard against discrimination, and nonenforcement leads to women having less bargaining power than their male counterparts (Aguayo-Tellez, 2012; Menon & Rodgers, 2009). Another study in India looking at industry- and plant-specific data found a positive correlation between female employment and international trade and a negative correlation between the transfer of foreign technology and female employment, and no direct relationship between female employment and foreign direct investment (Beladi et al., 2016).

### Effect of Foreign Direct Investment on Women in Leadership Positions

In a bid to boost operational advantage, multinational corporations foster amicable operational methods which favor and improve the workplace environment for the personnel (Ouedraogo & Marlet, 2018; UNCTAD, 2014). Kodama et al. (2016), while examining foreign direct investment and female employment in Japan noted that multinational corporations offer flexible working arrangements, telecommuting, and childcare subsidies. Kodama et al. (2016) analyzed foreign acquisitions using propensity score matching combined with a difference in differences method. This combination of methods mitigates selection bias in random sampling. The authors also created the missing data of how the acquired firm would have performed without change of ownership using propensity score matching and considered unobservable firm heterogeneity using the difference-in-difference method (Kodama et al., 2016). The data suggested that that the percentage of women in the workforce, managers, directors and board members are higher in multinational corporations compared to local firms of comparable size operating in the same sector in Japan; also, increase in the female labor share takes place a few years after the ownership change (Kodama et al., 2016).

When examining whether foreign investors invest and hold more shares in corporations that foster career advancement of women to leadership (managerial positions), Tanaka (2015) analyzed CSR using career advancement of women in Japan as an evidence. Tanaka used data from Corporate Social Responsibility Database ,which provides data on women's career advancement and work-life balance practices, and data from Nikkei NEEDS Database, which contains information on the financial standing of corporations and corporate governance practices (Tanaka, 2015). Tanaka used the univariate analysis to examine first, the correlation between foreign ownership shares and career advancement of women in a sample of Japanese corporations over a period of 4 years from 2008 to 2011, and second, whether foreign investors prefer firms that support career advancement of women. The findings suggested that corporate social responsibility norms facilitate elevating women to leadership positions. Mun and Jung (2017) examined how local organizations respond to the global norm of CSR, specifically in the case of workplace gender diversity in Japan. Mun and Jung used data collected through interviews with CSR managers and consultants in Japan covering 800 firms over a period of 9 years from 2001 to 2009 (Mun & Jung, 2017). The authors used panel data analysis and data suggested that that both foreign investment and the within-firm influence of CSR and investor relations managers significantly increased the number of women on boards and in managerial positions (Mun & Jung, 2017). However, Mun and Jung noted that there was no increase of women in non-managerial or entry-level positions. Other scholarly reviews have highlighted the significance of women's leadership positions on the firm shareholder value. Ghoul et al. (2011) noted good stakeholder relations as part of corporate social responsibility through enabling women's career advancement and enhancing women's welfare constitutes an intangible asset that reduces the cost of equity capital and positively affects shareholder value.

# Effect of Foreign Direct Investment on GWG

Scholarly reviews and literature on the effects of foreign direct investment on GWG are scares. Using a two-dimensional panel data Rasekhi and Hosseinmardi (2012) conducted a logical evaluation of 21 emerging nations over a period of 8 years (2000 -2007), and they established how foreign direct investment inflows minimized GWG in the recipient countries. Lai and Sarkar (2017) used data from the annual Manpower Utilization Survey and applied a differences-in-indifferences estimation method to examine the effect of gender inequality legislation on employment outcomes in industries with varying intensity (foreign direct investment intensive and non-foreign direct investment intensive). The major finding indicated a narrower GWG in foreign direct investment intensive industries than in non-foreign direct investment intensive industries (Lai & Sarkar, 2017).

Juhn et al. (2013) studied the effects of trade liberalization on wage inequality. Using establishment-level data from Mexico and leveraging tariff reductions associated with the North American Free Trade Agreement (NAFTA), Juhn et al. (2013) built on the basic framework of the new trade model (Bustos, 2011). Under the model proposed by Bustos, trade liberalization induces export-oriented firms to upgrade their technologies through capital flows in a manner that increases the productivity of women in blue-collar occupations. The study findings indicate that trade liberalization and reduced tariffs influenced export-oriented companies to upgrade their operational technologies, hire more blue-collar women than men, and pay women higher wages, hence a decline in GWG.

To the contrary, organizations which take advantage of women employees and remunerate them below average wages in an organization enhance a widening GWG. A study was done by Vijaya and Kaltani (2007) involving a cross-country investigation of the impact of foreign direct investment on manufacturing wages showed how foreign direct investment inflows, as well as its operationalization, negatively impact manufacturing wages, and above all the impact is greater for female wages. One plausible explanation for this negative wage impact is the decrease in the bargaining power of labor induced by the labor dispensation of the new global economy where capital is free to move across boundaries in search of conditions requisite of favorable returns on investment (ROI).

In probably the most cited study regarding the effects of globalization (trade and foreign direct investment) on GWG, Oostendorp (2009) provided a cross-country study of the impact of globalization on occupational GWG, and he based his study on the farranging survey of wages around the world, the ILO October inquiry. The ILO October inquiry data source is one of the strengths of the study because, in this data, GWG for each country is stipulated along narrowly defined occupations. The weakness of this study was the omitted variable biases such as human capital (i.e., educations, experience, skills, and tenure in an organization). The study findings indicated that globalization impacts GWG differently across occupations, and this is explained by the different workers' and occupation characteristics (Oostendorp, 2009). Specifically, foreign direct investment net flows as a percentage of GDP negatively impacts occupational GWG in poor countries, and positively in developed characteristics. Along the same vein, Ouedraogo and Marlet (2018), after evaluating 19 nations on a non-random basis over a period of 5 years from 1987 to 2001, showed how inflows as well as frameworks of foreign direct investment in production areas impacted negatively on incomes of women employees.

Similarly, Carr (2016) expanded on the theory of positive economic spillovers to include socio-cultural factors in foreign direct investment spillovers. Carr analyzed FDI's impact on gender wage gaps using a novel dataset covering 91 countries and a time span ranging from 1972 to 2013, using a Generalized Least Squares (GLS) regression with year fixed effects controlling for global economic variation such as large-scale economic downturns that impact firm employment and wage decisions (Carr, 2016). The GLS

alleviated variation due to unbalanced panel data; however, this approach had the limitation of including potential influences from diversely motivated (tax incentivized) foreign direct investment. The data suggested that foreign direct investment has no statistically significant impact on gender wage gaps. Despite increasing firm-level initiatives on gender equity, empirically, aggregate foreign direct investment currently fails to overcome domestic cultural barriers to influence gains in gender equity (Carr, 2016).

Subsequent research works support the affirmative influence of foreign direct investment in enhancing the lifestyle of the female population. Cirera and Lakshman (2017) documented the impact of export processing zones (EPZs) created through foreign direct investment on female employment and wages in Madagascar. Cirera and Lakshman reviewed primary research studies involving the collection of data on additional employment, wages, working hours, freedom of association or right to unionization health and safety, and any gender differentiated impact on these outcomes, and used the variable approach method according to the outcome variables (employment and wages) for analysis. Data suggested that EPZs created through foreign direct investment generally led to an increase in rate of women's employment and wages for women as they would otherwise work in the informal sector. Nonetheless, while EPZs provide women with wages that are comparable to those provided by other private sectors, the jobs are not as steady as other formal sector jobs. EPZs have high turn-over and this affects women's wellbeing. Industrial Parks in Uganda are like EPZs, and EPZs are a new approach in boosting industrialization in developing countries. Foreign investors are attracted to establish factories in EPZs through tax, laxed regulations and infrastructure incentives. ILO (2003) reported that employment in China increased by 30 million from 1997 to 2002, while in other countries employment through EPZs increased by 4.5 million in the same time period. Similarly, Aggarwal (2007) studied the impact of EPZs on additional employment in the Indian EPZs. Data suggested that most workers in India's zones were concentrated in the 20-29 years old cohort was evidence that EPZs workers were additionally joining the workforce. Additionally, Farole and Akinci (2011) noted that in developing countries there was a positive correlation between foreign direct investment in EPZs and the share of female workers in non-agriculture sectors.

### **Foreign Direct Investment Inflow to Uganda**

Foreign direct investment remains the largest and most constant external source of finance for developing economies, compared with portfolio investments, remittances and official development assistance (UNCTAD, 2018). Uganda like most East African countries remains a bastion of foreign direct investment in Africa Sub-Sahara. According to the latest World Investment Report 2019 by UNCTAD (2018), Kenya posted a 27% growth of foreign direct investment inflows to USD 1.6 billion, and in Tanzania inflows grew by 18% to USD 1.1 billion. In Uganda, foreign direct investment inflows reached a historic high, increasing by 67% to \$1.3 billion in 2017 (BOU, 2018), compared to foreign direct investment inflows of USD 625.7 million in 2016 (BOU, 2018), and USD 538.5 million in 2015 (BOU, 2018). While the total of foreign direct investment existing

in the country stood at USD 11.893 billion in the year 2017 (BOU, 2018). The jump in foreign direct investment inflows to Uganda is mainly because of an increased injection of equity capital to the mining (oil and gas, and mining and quarrying), wholesale and retail trade, finance and insurance services, and manufacturing sectors. Data from Bank of Uganda (BOU) (2018) indicates that in 2016 foreign direct investment inflows to Uganda consisted of 45% capital equity (shareholder's funds), which is the sum of share capital, retained earnings, share premium and reserves; 37% intercompany loans; and 18% reinvested earnings (BOU, 2018).

Aside from the objectives of foreign direct investment, the major attractions of foreign direct investment to Uganda are: First, the relative political stability and prevailing security in the country which guarantees safety of the lives of citizens and protection of property. Second, natural resources play a significant role as an attraction of foreign direct investment. Oil and gas exploration and drilling in the Albertine region in Western Uganda; Iron ore exploration across the country, and fresh fishing waters and vast forests are some of the major natural resources attracting foreign direct investment (UIA, 2020). Then, Uganda's economic freedom partly boosts foreign direct investment inflows. According to The Heritage Foundation (2019), Uganda's economic freedom score is 59.7, compared to the Sub-Saharan average of 54.2, and the world average of 60.8. Economic freedom is the fundamental right of every human to control his or her own labor and property, and the degree to which people are free to work, produce, consume, invest and externalize their earnings in the way they choose.

Along the same vein, appropriate policies promoting macroeconomic stability;

reforms in the financial sector, taxation and revenue collection, and the integration of the local economy with the regional blocks (East African Community, Common Market for Eastern and Southern Africa, and Southern African Development Corporation) are contributing to Uganda's steady upward trend of foreign direct investment (Odongo, 2012). Uganda can do more toward this upward trend of foreign direct investment flow. According to Anyanwu (2012), the position of a country's infrastructural development, socio-political state, exploration of natural resources and skilled human capital contribute to the inflow of more foreign direct investment. Similarly, policy makers in Uganda can boost the upward trend of foreign direct investment inflow by attending to factors that further denominate foreign investors' decisions namely: corruption, weak legal and judiciary system, and strengthening of property rights.

# **Sources of Foreign Direct Investment**

In 2016 (BOU, 2018; UIA, 2020) Foreign investors accounted for 69.7% of the number of licensed projects in Uganda, compared to 30.3% licensed projects by local investors. Exemplars of the main sources of existing foreign direct investment in the country according to data from BOU (2018) are as presented in Table 1. A notable trend of foreign direct investment inflow from some leading sources (United Kingdom, Canada, and India) is partly due to the government policy of returning properties (manufacturing plants and farming estates) to the Asians expelled during Amin's regime (Odongo, 2012). Some of the foreign direct investment from these investors is for revitalizing the defunct properties of Asians who departed in the 1970s (UIA, 2020). Overall, however, the suitable investment climate is the major determinant of foreign

direct investment spurring investor confidence, hence a boost of the percentage of foreign direct investment injected into new capital projects.

# Table 1

Top 10 Foreign Direct Investment Source Countries (USD	Billions)
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No.	Source Country	2015	2016		
		Stock	Transactions	Other Changes	Stock
1.	Netherlands	4.053	0.248	0.002	4.304
2.	Kenya	0.593	0.205	-0.008	0.791
3.	United Kingdom (UK)	0.518	0.072	0.007	0.600
4.	France	0.099	0.040	-0.003	0.600
5.	Switzerland	0.146	0.033	-0.004	0.175
6.	Australia	1.569	0.029	0.000	1.600
7.	South Africa	0.307	0.016	-0.006	0.137
8.	India	0.131	0.015	0.002	0.148
9.	Bermuda	0.174	0.010	-0.003	0.181
10.	Seychelles	0.007	0.007	0.000	0.014
	FDI -Top 10 Countries	7.597	0.675	-0.015	8.257
	TOTAL	9.053	0.558	0.056	9.667

Source: Bank of Uganda

Other foreign direct investment sources according to UIA (2020) include China, Canada, Cayman Island, and Singapore. Foreign investors from China are heavily investing in Uganda' infrastructure development (highways and ring roads, hydroelectric power dams, and standard gauge railway). Adequate power generation and supply boosts the manufacturing sector, small and medium enterprise (SME) and power supply to the household. Together with improved railway and road transportation, such investments are crucial in transforming Uganda from low income economy to middle income economy.

# Major Sectors Contributing to Foreign Direct Investment Inflow

The major sectors contributing to foreign direct investment inflow to Uganda are manufacturing, mining and quarrying, construction, finance and business services, and trade, restaurants and hotels (BOU, 2018), as represented in Table 2.

# The Manufacturing Sector

The manufacturing sector is the third leading sector contributing to foreign direct investment inflows to Uganda. Multinational corporations with sole ownership or joint ventures concentrate in steel rolling and fabrication of hardware, manufacturing of beverages (mineral drinks and fruit drinks), sugar, cement, plastics, etc. (BOU, 2018). Examples of joint ventures in manufacturing are the South African Breweries, Coca-Cola, and Pepsi multinational corporations (Odongo, 2012).

# Table 2

# Sector Distribution of Foreign Direct Investment (USD Billions)

Major Sector	2015	2016		
	Stock	Transactions	Other Changes	Stock
Agriculture	0.172	0.026	0.004	0.201
Mining and Quarrying	5.326	0.187	0.002	5.514
Manufacturing	0.895	0.062	0.012	0.969
Electricity and Gas	0.341	0.042	0.075	0.308
Water Supply	0.001	0.000	0.000	0.001
Construction	0.437	0.017	0.038	0.493
Wholesale and Retail	0.343	0.171	0.006	0.519
Transportation	0.106	-0.007	0.001	0.100
Accommodation and Food	0.902	0.007	0.006	0.115
I.C.T.	1.014	-0.098	0.013	0.017
Finance and Insurance	0.902	0.133	0.040	1.075
Real Estate	0.202	0.002	0.001	0.025
Professional Services	0.032	0.001	0.000	0.033
Administrative Services	0.247	0.021	0.011	0.281
Education	0.005	0.009	0.000	0.003
Health	0.185	0.003	0.002	0.019
Arts and Entertainment	0.000	0.001	0.000	0.005
Total	9.053	0.558	0.056	9.667

Source: Bank of Uganda (BOU)

### Finance and Business Service Sector

Finance and business services sector is the second leading sector contributing to foreign direct investment inflow. This sector typically includes banking, insurance, professional services (accounting), administrative services, I.C.T., and transportation. Privatization of the national corporations (Uganda Commercial Bank, Uganda Dairy Corporations, Kilembe Copper Mines, Uganda Telecommunications, Hotels, etc.), trade and financial liberalization ushered in an opportunity for entry of more commercial banks (Islamic Bank, Bank of Africa, Commercial Bank of Kenya, Stanbic Bank, Equity Bank, etc.) into the banking sector. Along the same vein, a desire for financial inclusion, mobile phone services and mobile money transfers gave the opportunity for multinational telecommunications corporations such as MTN, Airtel, and Warid Telecom, etc. to launch in the Ugandan market.

# Mining and Quarrying Sector

Mining and quarrying and the coffee industries were the mainstay of Uganda's economy dating back to the 1960s (BOU, 2018; UIA, 2020). From the 1960s to early 1970s (BOU, 2018; UIA, 2020), the mining activity was concentrated in copper mining and smelting at Kilembe Copper Mine in South Western Uganda. Today mining and quarrying is the leading sector contributing to foreign direct investment inflow. The sector is dominated by oil and gas exploration in the Albertine region in western Uganda. According to BOU (2018); UIA (2020) the increase in foreign direct investment was mainly because of higher equity inflows into the oil and gas sector oil sector related projects (agglomeration) such as the construction of oil roads, Hotels in Kasese, Kabale Airport and the oil pipeline. Multinational corporations involved in oil and gas projects according to BOU (2018) and Odongo (2012), include, for instance, Tullow Oil Ltd of Britain is currently drilling oil Hoima; Heritage oil and gas Ltd and Energy Africa Ltd is exploring for petroleum in the Semeliki Basin; while the France and the Chinese CNOOC Ltd have invested and are planning to invest billions of USD in refining crude oil and marketing oil products (UIA, 2020).

Similarly, a Chinese company, Guangzhou Dong Song Energy Group has implemented the Osukuru Phosphates Comprehensive Project in Tororo District, in Eastern Uganda. The project involves quarrying and manufacturing of cement and agricultural fertilizers.

# Foreign Direct Investment, Gender, and the Labor Market in Uganda

Despite Uganda's economic growth, the percentage of the working population in the private sector is only 3%, while the share in the manufacturing sector is as small as 0.7% (UIA, 2020). Uganda's population is mostly rural standing at 82% and most of the men and women in the urban setting are either entrepreneurs or engaged in the informal private sector. A case in point, while the existing foreign direct investment stood at USD 11.893 billion in the country, the value of domestic investment in the country over the last 25 years stood at USD 8.7 billion in 2016, while the number of projects owned by the domestic investors increased from 55 in Fiscal Year (FY) 2014/15 to 91 in FY2015/16 (UIA, 2020). Going by the value of the domestic investment, it could infer that Ugandans are investing in entrepreneurial activities at an average of USD 349.5 million annually in their country. Up-to-date, no scholarly review has been done to determine the effects of foreign direct investment on gender inequality in Uganda. Some reviews have focused on the sub-Saharan regions, but none has focused on Uganda exclusively. The findings of a case study of the impact of foreign direct investment in Uganda with emphasis on employment is conflicting because of inconsistent data (Riddervold, 2011).

Men and women are driven by different goals to join labor. These divergent goals have a significant effect on influencing women to join formal labor and affect household average wages and consumption (Kabeer, 2016; Sarra, 2017). In a society like Uganda where there is relative patriarchy, women are more induced to household commitments, compared to formal work. Such low commitments and expectations from formal labor derail efforts toward an increased percentage of women in the workforce, better work conditions, and equitable wage. Social norms also, shape women's and men's expectations at work and determine women's supply of labor. For instance, divorce affects women's and men's workplace expectations. There are low divorce rates in Uganda, compared to Southeast Asia. The low divorce rates make women not look at employment as a safety net against the financial stress that comes with divorce. The women's labor participation rate is, therefore, lower in Uganda, compared to Southeast Asia (Kabeer, 2016). Along the same vein, family law and property rights, women's household assets, and extra-source of income (small enterprises) have a positive psychological effect as these give women more individuality, a sense of wellbeing, and greater strength in decision making. Consequently, women's individuality and strength

enable them to influence female labor supply and their bargaining power within their households and the workforce (Kabeer, 2016).

While the effect of foreign direct investment on women's employment and wages in Uganda has not been documented adequately, there is evidence showing that it has led to an increase in the share of women working in export-focused labor-intensive industries (Petras & Veltmeyer, 2016). Potrafke and Ursprung (2011) studied the effects of globalization on gender inequality in developing countries including Uganda, and their findings indicated that globalization had a positive impact on institutions that undergird gender equality. The labor markets in Uganda are segmented by gender. There are sectors of the economy largely dominated by men and there are others dominated by women. Women are generally concentrated in garments, textiles, and agricultural processing where the need for cheap labor is useful to maintain competitiveness in the international market (Kabeer, 2016; Nelson et al., 2015). Multinational corporations prefer to hire women in these industries because of the concept of unit labor cost. Furthermore, according to Nelson et al. (2015) women are more preferred than men for the following reasons. First, men's labor cost is usually higher than that of women. Second, in certain jobs, women are perceived to be more productive than men. Third, women are more agreeable than men and are less likely to engage in industrial action.

Wages are usually used as an independent variable when explaining foreign direct investment flow, but it is not common to find a reverse relationship in scholarly studies of developing countries. The relationship is unclear, though. First, foreign direct investment may influence the demand for labor and so affect the cost of labor. Secondly, an increase in productivity because of the foreign direct investment may result in higher wages throughout the local economy. And lastly, because labor is generally stagnant while capital is highly mobile, foreign direct investment may increase the bargaining power of capital relative to that of labor and so lead to lower wages.

Empirical studies on the effects of foreign direct investment on wages in developing countries like Uganda show that there is a positive relationship between foreign direct investment and wages (Petras & Veltmeyer, 2016). Batuo and Asongu (2013) noted that foreign direct investment has elevated income-redistribute effect in African countries including Uganda. Coniglio et al. (2015) studied foreign direct investment, employment, and wages in Sub-Saharan Africa. Their findings indicated that foreign investors from China generated mostly unskilled labor and they paid lower wages, compared to foreign investors from the western world and local investors. Similarly, Nordman and Wolff (2009) examined the magnitude of GWG in manufacturing firms in seven African countries including Uganda. Using matched employer-employee data and applying OLS regressions; their findings indicated that GWG in Uganda was insignificant.

This research was one of its kind as it exclusively focused on Uganda, and it boasts of the findings that foreign direct investment had a positive relationship with percentage of women in leadership positions and loweing GWG. All factors considered, the effect of foreign direct investment on gender inequality raises some questions that this study appropriately answered cross-sectionally to satisfy the macroeconomic context. For example, *ceteris paribus*, does the entry of multinationals into an economy lead to higher demand for women's labor? What is the impact of foreign direct investment in a mature economy? Do the gains women or men make because of foreign direct investment at the expense of the other gender? What impact does foreign direct investment have on wages? These cross-sectional questions are valuable as they seek answers to the effects of foreign direct investment on gender inequality.

### **Summary and Conclusions**

In conclusion, the literature reviewed in this chapter illustrated the importance of foreign direct investment in the new global economy. Although the effects of foreign direct investment on the economic growth of a local economy were initially unclear, the resaerch dominant school of thought was that foreign direct investment positively impacts the economic growth of foreign direct investment recipient countries. On the effects of foreign direct investment on gender inequality the literature review revealed divergent views.

One side of the coin revealed that foreign direct investment positively affects gender inequality (Aguayo-Tellez et al., 2014; Ouedraogo & Marlet, 2018), therefore, increased inflow of foreign direct investment increases the opportunity for increased percentage of women in the workforce, women in managerial positions, and a narrower GWG. It also positively affects gender disparities that exist in the areas of education and healthcare. Foreign direct investment leads to increased equality in male-to-female enrolment ratios in primary, secondary, and tertiary schools. The other side of the coin revealed that foreign direct investment could negatively affect gender inequality (Anyanwu & Augustine, 2013). Even then the general understanding among scholars is that there is a correlation between foreign direct investment and gender inequality.

Foreign direct investment is crucial to the emancipation of women in Uganda and national economic growth. Uganda in its bid to transform from a low income to a middleincome country attaches a premium to foreign direct investment inflows to fund infrastructure projects, boost the sectors that drive the local economy and stabilize foreign exchange. The growth of the private sector creates much-needed jobs for the increasing youth population. The lack of jobs and the high unemployment rate is a greater concern to Uganda's policymakers. Therefore, the government is continually offering incentives that create a favorable investment environment in the local economy. While there is a projection of an upward trend of foreign direct investment inflows to Uganda, there are concerns of corruption, low skilled labor, transparent legal and judiciary dispensation, and property rights (Anyanwu, 2012; Odongo, 2012).

Although, the effect of foreign direct investment on women's employment and wages in Uganda has not been documented adequately, evidence exists revealing that foreign direct investment has led to an increased share of women working in export-focused labor-intensive industries (Petras & Veltmeyer, 2016). Findings of studies on the effects of globalization on gender inequality in developing countries including Uganda, revealed that globalization had a positive impact on institutions that undergird gender equality (Potrafke & Ursprung, 2011).

Furthermore, scholarly reviews revealed that Uganda could increase its capacity to take advantage of foreign direct investment by improving the local economy's

absorptive capacity. For example, developing and enhancing local financial markets, increasing training in quality and skilled labor, and investment in sectors that encourage structural change toward higher productivity and job creation (Odongo, 2012). Most importantly, for the developing countries to recognize women as crucial participants of development and support the emancipation of women; it is imperative that stakeholders in the local economies attend to vices of gender inequality and support frameworks that enhance a reasonable percentage of women in the workforce, percentage of women in leadership positions, and equitable wages which enable equitable gender income, hence emancipation of women (Björkman Nyqvist & Jayachandran, 2017).

### Chapter 3: Research Method

Various researchers (e.g. Aguayo-Tellez, 2012; Coniglio et al., 2015; Ghosh & Ramanayake, 2018; Latorre, 2016; Quedraogo & Marlet, 2018 ) have demonstrated the effects of foreign direct investment on gender inequality, and the importance of foreign direct investment in the emancipation of women in developing countries. The purpose of this study was to determine the relationship between foreign direct investment and the percentage of female workers, the percentage of women in leadership positions, and GWG in the various sectors of Uganda's economy. These include manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health sectors. The research method of the study was quantitative analysis of secondary data. The study involved the use of secondary data from various databases to include foreign direct investment inflows to Uganda in USD and data on women's employment statistics. Chapter 3 is an elaboration of the study design and rationale, population target, data collection method, data analysis plan, threats to validity, and ethical procedures.

#### **Research Design and Rationale**

The primary independent variable in this study was the net nominal foreign direct investment inflow to Uganda. According to the World Bank (2012), foreign direct investment consists of the net inflows of investment to acquire 10% or more of voting stock in an enterprise operating in an economy. The source of data on the net nominal inflows of foreign direct investment in USD was BOU database. The dependent variables were gender gaps including the percentage of female workers, the percentage of women in leadership positions, and GWG in corporations receiving foreign direct investment in Uganda. The sources of data on men's and women's employment statistics gender gaps was UBOS databases.

Gathering and scrutinizing data from multiple sources enabled me to test for robustness and provided the evidence for the relationship between foreign direct investment and gender inequality. Analysis of data from sectors receiving foreign direct investment study data using OLS regression model enhanced the understanding of the impact of foreign direct investment on gender gaps in Uganda.

Researchers use quantitative correlational research designs to determine the link between predictor variables and response variables (Kahika & Karyeija, 2017; Nordman & Wolff, 2009). In this study, the quantitative correlational study design was relevant to the link between the net nominal inflows of foreign direct investment and the percentage of women employees, the percentage of women in leadership or managerial positions, and GWG in sectors of Uganda's economy. I used the net nominal foreign direct investment inflows rather than the ratio to gross domestic product to circumvent the endogenous relationship identified by Alfaro et al. (2008) between foreign direct investment inflows and gross domestic product. Because the target population was quite stable, expressing foreign direct investment inflows as a net nominal inflow enabled me to capture the real relationships instead of gross domestic product fluctuations. The research method in this study was the secondary data analysis method using the OLS regression technique. The secondary data analysis method entailed the systematic evaluation of either electronic data. The gathering of secondary data involved using Google search engine information acquisition techniques, reviewing, analyzing, and aggregating data on foreign direct investment and employment statistics on men and women. I used OLS regression technique (i.e., simple linear regression) to analyse and interprete data, which, answered the research questions and tested the hypotheses.

Use of the secondary data analysis method was valuable to achieving the objective of this study. Utilizing data from repuatable organizations and corroboration aggregated evidence and ensured credible study and conclusions (Bowen, 2009). Similarly, the corroboration of findings across multiple data sets helps to reduce bias in cases where information is from varying sources (Bowen, 2009). The research scope revolved around the relationship between foreign direct investment and gender gaps in Uganda's formal sector. The research data I gathered and scrutinized from BOU and UBOS databases provided evidence of the link between foreign direct investment and gender inequality. The limitations of document analysis were that the relevant secondary data are, at times, unavailable; meanwhile, some information on hand was hard or even impossible to aggregate because of inadequacy and missing years of of data on the UBOS database. According to Warner (2013), the benefit of using secondary data include preliminary screening, minimized errors and bias, and prior assessment for any violations of statistical procedures.
#### Methodology

I used a correlation quantitative study approach to estimate the effects of foreign direct investment on gender inequality in the formal sector in Uganda. The selection of sectors as models for the study depended on the distribution of foreign direct investment into the sectors and the availability of relevant data that I could turn into useful information for the study. The secondary data collected using the archival research strategy enabled me to do a better analysis of the facts of the study, as well as develop a clear understanding of the effects of foreign direct investment on gender inequality in Uganda. Secondary data from large sample surveys and data from annual publications is of higher quality and representative of the population (Tripathy, 2013). Ilesanmi (2018) noted that the use of secondary data sources allows the review of records of selected sectors and deduction of evidence.

### **Population**

In this study, the target population was the workforce in the formal sector, while the sample population was from the workforce including manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health industries of Uganda's formal sector. Foreign direct investment inflow to Uganda has grown steadily from the mid-1980s, primarily incentivized by a favorable investment climate (Odongo, 2012). Foreign direct investment fills the spending gap between capital investment and domestic resources and the primary sectoral foreign direct investment inflow is for sectors that create jobs and form the model for this study (Wakyereza, 2017).

#### **Sampling and Sampling Procedures**

Secondary data analysis suits the nature, scope, and objective of this enquiry. To represent multiple workers' groups in the different sectors of Uganda's economy proportionately, I used a stratified sampling strategy for collecting secondary data. Each sector employment is represented as a percentage of total sector employment. Thus, a sector that receives foreign direct investment and makes up a larger percentage of the workers population had more representation than the sector that makes up a smaller percentage of the total sector employment.

Correspondingly, according to Danish Trade Union Council for International Development Corporation (2016), total sector employment in Uganda is 15.77 million, where the percentage of sector employment shares are: (a) agriculture (74%), (b) trade, restaurants, and hotels (9.4%), (c) manufacturing (4.9%), (d) construction (1.7%), (e) mining and quarrying (0.35%), and (f) finance, real estate, and business services (0.25%). I excluded industries that did not receive foreign direct investment, but sampled secondary data from corporations receiving foreign direct investment and representing at at least 0.2% of the workers population in each of the sectors covered in this study.

I used the G\*power 3.1 software to calculate the sample size to determine the minimum sample. I set the statistical test parameters as follows: the medium effect size  $f^2 = 0.15$ ; alpha err probability = 0.05; power = 0.80; number of predictors = 1. These parameter settings are the standard settings for the F-tests and linear multiple regression:

fixed model,  $R^2$  deviation from zero statistical test. The calculated minimum sample size was 55.

#### Archival Data

This study involved the use of secondary annual data over the period ranging from 2012 to 2016 obtained from various databases using Google search engine information acquisition techniques. I obtained data on the independent variable and the three dependent variables from different databases.

First, I sourced the net nominal inflows of foreign direct investment to Uganda from BOU database. Then, I obtained data on the percentage of women in the workforce and women in leadership positions, and GWG in the formal sector from UBOS database. (Uganda Bureau of Statistics, 2018).

The proposed systematic information acquisition encompassed the following stages: First, I searched for and reviewed documents (research articles, annual publications, and statistical reports) on the study variables from the databases stated above. Then, I evaluated the data for its relevance and credibility. I determined the relevance of the data through the data's original purpose, study population, and sampling strategy. I establised the credibility of the through the credentials of the original researchers and consistency of the data. Finally, I classified the documents according to themes and the study variables.

## **Instrumentation and Operationalization of Constructs**

Secondary data analysis using OLS regression analysis was the methodology of the study. Punch (2005) suggested secondary analysis as the reanalysis of previously collected and analyzed data. Punch further suggested secondary data collection and analysis as a widely applied technique in social science research. Frankfort-Nachmias and Nachmias (2008) suggested that secondary data collection involves using data gathered by other researchers, to attend to research questions that are different from the original study and used for a different purpose.

In my search for the documents (annual publications and reports) relevant to the study, I used search engines such as EBSCOhost and Google, and keywords such as *foreign direct investment and gender inequality, foreign direct investment and women empowerment*, and *foreign direct investment to Sub-Saharan Africa*. The criterion of searching for the documents pertinent to this study involved setting the data range between 2010 and 2017 to eliminate documents irrelevant to the study.

#### **Data Analysis Plan**

I analyzed the data collected to determine the effects of foreign direct investments on gender inequality in Uganda's formal sector. The collection and analysis of data demanded diligence and the aid of SPSS software. Quantitative data and quantitative analysis can be very challenging (Frankfort-Nachmias & Leon-Guerrero, 2015). This research inquiry entailed finding answers to questions relating to the association between foreign direct investment and the dependent variables.

RQ1: What is the relationship, if any, between foreign direct investment and the percentage of female workers in the private sector in Uganda.  $H_01$ : There is no relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda.

*H*a1: There is a relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda.

RQ2: What is the relationship, if any, between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

 $H_02$ : There is no relationship between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

Ha2: There is a relationship between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

RQ3: What is the relationship, if any, between foreign direct investment and gender wage gap in the formal sector in Uganda.

 $H_0$ 3: There is no relationship between foreign direct investment and gender wage gap in the private sector in Uganda.

Ha3: There is a relationship between foreign direct investment and gender wage gap in the private sector in Uganda.

## **Document Reviews and Data Collection**

After I had identified documents containing data pertinent to answering the research questions, I reviewed, analyzed, and aggregated the data in line with the study variables. In considering privacy and confidentiality in the acquisition of the data, one, I as much as possible avoided acquiring sensitive information. Then, for all the documernts printed, I proteced the confidential printed data under lock and key. I also protected the

electronic data using a sign in password to my computer. I summarized the documents reviewed by collecting important data, including the type of document, in a special form. Then, I analyzed the datasets using the SPSS software and OLS regression analysis.

## Statistical Test

The statistical test in this study enquiry was OLS, linear multiple regression: Fixed model, R<sup>2</sup> deviation from zero. Ray (2012) used OLS technique to test the effects of foreign direct investment on economic growth in India. OLS regression uses least squares estimation commonly adopted in traditional bivariate and multiple simple linear regression statistical analyses. OLS is a better estimator of the relationship between the predictor variable and response variables when the study design meets classical assumptions of OLS regression such as the outcome and predictor variables are continuous variables. The regression functions (equations) in this study look like:

 $Y_1 = b_0 + b_1 X_1 + e$  (LaMorte, 2016).  $Y_2 = b_0 + b_1 X_1 + e$  $Y_3 = b_0 + b_1 X_1 + e$ 

Where: Y<sub>1</sub>, Y<sub>2</sub>, and Y<sub>3</sub> were the values of the response variables (i.e., percentage of women workers, percentage of women in leadership (managerial) positions and GWG respectively),

b<sub>0</sub> was the y-intercept

b<sub>1</sub> was the beta or coefficient (slope)

 $X_1$  was the predictor variable (i.e., nominal inflows of foreign direct investment), and e is the random component (error term) or the uncertainty in the equation.

In this enquiry, I used the F-test to measure the dispersal (variation) of data points around the mean. The F-test tests the hypotheses using the F-statistic. Frankfort-Nachmias and Leon-Guerrero (2015) noted that an F-statistic is the ratio of two variances, or technically, two mean squares. Where mean squares are variances that account for the degrees of freedom (DF) used to estimate the variance. Higher variances occur when the individual data points tend to fall further from the mean (Frost, 2019). A few researchers use variances in their statistical test equations because variances are in squared units of the data; hence they are difficult to explain directly. Instead, standard deviations (the square root of the variance) which use the data units are easier to explain.

R-squared (R<sup>2</sup>) is one of the measures of how a regression model fits into data. Rsquared is the percentage of the dependent variable variation that a linear model explains (Frankfort-Nachmias & Leon-Guerrero (2015). In this study enquiry R-squared (coefficient of determination) evaluated the scatter of the data points around the fitted regression line (Frost, 2019). A higher R-squared values representS smaller differences between the observed data and the fitted values, meaning the regression model better fits my observations.

The F-test for the predictor variable, the nominal inflow of foreign direct investment  $(X_1)$ , determined whether the interactions between the predictor variable and the respective response variables  $(Y_1, Y_2, \text{ and } Y_3)$  were statistically significant (Warner,

2013). The F-test indicated the likelihood that two samples came from two normal distributions that have different variances (Frankfort-Nachmias & Leon-Guerrero, 2015). The null hypothesis was that two populations are the same. The alternative hypothesis was that two populations are different. The p-value from the F-test represents the probability that of incorrectly rejecting the null hypothesis (i.e., incorrectly concluding that the two samples come from different populations, which is a Type I error). Basing on 95% level of confidence, alpha (the probability of Type I error) is set at a standard significance level of 5% or 0.05; a *p* value less than 0.05 indicates that rejecting the null hypothesis is appropriate. While a p > 0.05 value indicates that rejection of the null hypothesis is not appropriate, supporting the conclusion that relationships between the predictor variable and response variable is not statistically significant.

#### **Threats to Validity**

Validity is an important yardstick or indicator of quality. Validity is a process where researchers determine the accuracy of the research findings (Burkholder et al., 2016). The threats to validity are external and internal. In this study, threats to validity centered on using secondary data on women's employment statistics in Uganda's formal sector. Threats arose because information from the government agencies may lack authenticity, as statistics on the employment of women in Uganda for some years were missing. Then, some documents were missing because some documents became unusable with time. Government agencies also delay to release annual publications because of untimely reporting of data by the various production sectors and resource constraints of the agencies.

Strategies to ameliorate such threats included: First, I corroborated data from multiple government agencies with data from databases of reputable international organizations. Frankfort-Nachmias and Nachmias (2008) noted that in the research question(s) driven approach, a researcher has an earlier knowledge of the research question(s) and hypothesis(es) which guide the search for appropriate datasets to answer the questions and test the hypotheses. Likewise, I set the research questions and hypotheses in this research enquiry prior to data collection. As a second strategy to minimize threats to validity, I searched for the correct data appropriate to the scope (time period and study variables) of this research enquiry.

#### **External Validity**

External validity refers to the generalizability of the findings of a research enquiry across other contexts, time, and space (Frankfort-Nachmias, & Nachmias, 2008). Threats to external validity undermine the replicability of the results of the inquiry and are a significant concern in quantitative research. The statistical analysis technique could pose a threat to external validity in this study enquiry. For example, in the statistical analysis, I did not take into consideration the possible confounding variables such as the level of education, experience, and tenure of the women employed in the organizations.

#### **Internal Validity**

Internal validity refers to how a study enquiry minimizes systemic errors (Frankfort-Nachmias & Nachmias, 2017). Internal validity revolves around the extent to which an inquiry establishes a cause and effect relationship between the predictor and response variables beyond a reasonable doubt that no other factors influence the effect (Burkholder et al., 2016). Threats to internal validity in this study included the following.

First, confounding variables related to the predictor variable could cause changes in the response. Lack of consideration of mediating or moderating factors in the statistical analysis undermine internal validity in statistical analysis (Frankfort-Nachmias & Nachmias, 2017). Frankfort-Nachmias and Nachmias further suggested strategies such as extensive literature reviews and including control or moderating factors in the statistical analysis to increase internal validity. One of the limitations of this study enquiry is that I did not include mediating or moderating variables.

Second, historical events may have influenced the results of this study. However, Uganda now enjoys relative political stability, security, and stable GDP after combined decades of Idi Amin's dictatorial policies, tribal conflicts, and insurgencies from rebel groups. Then, maturation, which refers to the impact of time as a variable in a study (Burkholder et al., 2016), made it difficult to determine the effect of time on the results. I minimized the threat of maturation to internal validity of this study enquiry by carefully sourcing secondary data from databases of reputable locals and international organizations, verifying the original authors of the documents, and making sure the data I sourced related to the study period of this enquiry (2010 - 2017). Finally, instrumentation, which refers to the impact of the actual testing instruments used in the measurement of the variables on the findings, I used SPSS software for the statistical analysis in this study.

#### **Construct Validity**

Construct validity refers to units of measurement of variables and analyzing the connection between the variables used in a study and the findings (Frankfort-Nachmias & Nachmias, 2017). Constructs are the foundation of theories, providing a common and shared meaning that helps to explain the behavior of an occurence. Frankfort-Nachmias and Nachmias (2017) further noted that one of the threats to this validity is an insufficient prior-clarification of constructs or units of measurement. In this study, the use of numerous databases for the collection of appropriate articles and documents including government agencies as well as other global funding sites mitigated the threats to construct validity.

## **Ethical Procedures**

Ethics in social research relates to the moral foundation of the investigation and adherence to standards of conduct of scholar-practitioners (Babbie, 2017). A lack of ethical considerations in the past led to the rise of procedural controls to ensure research ethics in the present. The controls include institutional review boards (IRBs) and ethics committees (Ravitch & Carl, 2016). However, the focus on procedural ethics cannot relieve researchers of relational ethics (Rossman & Rallis, 2010). Relational ethics have the underlying principles of justice and respect for all persons (Rossman & Rallis, 2010). Ethical responsibility mandates researchers design research studies that encompass the principle of justice and respect for all persons, specifically protecting the privacy of participants in the research study (Ravitch & Carl, 2016; Rossman & Rallis, 2010). The challenges of ensuring ethical research include obtaining informed consent (Rossman & Rallis, 2010). A lack of the understanding of the methodologies of the study inquiries also presents challenges to researchers and IRBs (Ravitch & Carl, 2016).

Ethical issues about secondary use of data revolve around data collection and analysis. Especially, potential harm to individual subjects and issue of return for consent. Tripathy (2013) suggested that secondary data varies in terms of the amount of the identifying information in the data. Data with no identifying information, or appropriately coded data, may not require a full review by the ethical board (Tripathy, 2013). The board just needs to confirm that the data are anonymous. Tipathy further suggested that, if the data contains identifying information on participants, the IRB must conduct a complete review of the proposal.

In this study, I addressed the need for ethical procedures in various ways. First, there was no concern of a potential harm to specific individual subjects. Then, I evaluated the data for criteria such as the methodology of data collection, accuracy, period of data collection, the original collection purpose (Tripathy, 2013). I also restricted unauthorized access to data collected by safely locking access to data in hard copies and encrypting files for data in softcopies. Furthermore, I adhered to the ethical standards and guidelines of Walden University's Institutional Review Board (IRB), and desisted from deducing wrong conclusions and generalizing results beyond the scope of secondary data.

#### Summary

The objective for conducting this study was to find out the link between foreign direct investment and the percentage of women workers, percentage of female leaders, and the GWG in the various industries of Uganda's formal sectors, including manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health sectors. I gathered the data on the net nominal inflows of foreign direct investment from BOU database. I gathered the data for the employment statistics for men and women came UBOS database. I used the SPSS software to conduct OLS regression to analysis of the data.

In this chapter, I discussed the research and rationale of the study. I also discussed data collection method, data analysis plan, threats to validity, and ethical procedures in conducting the research inquiry. In Chapter 4, I analyze the data I collected.

#### Chapter 4: Results

The purpose of this quantitative study was to describe the relationship between foreign direct investment and the percentage of female workers, the percentage of women in leadership positions, and GWG in the private sector of Uganda's economy. The predictor variable in this study was foreign direct investment. The response variables were the percentage of female workers, the percentage of women in leadership, and GWG in Uganda's formal sector. The target population of this study was workers in industries in the formal sector of Uganda's economy. I crafted the research questions to focus on the relationship between foreign direct investment and each of the three response variables. During the study, I analyzed the following basic research questions using secondary data:

RQ1: What is the relationship, if any, between foreign direct investment and the percentage of female workers in the private sector in Uganda.

 $H_01$ : There is no relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda.

Ha1: There is a relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda.

RQ2: What is the relationship, if any, between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

 $H_0$ 2: There is no relationship between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

Ha2: There is a relationship between foreign direct investment and the percentage

of women in leadership positions in the private sector in Uganda.

RQ3: What is the relationship, if any, between foreign direct investment and gender wage gap in the private sector in Uganda.

 $H_0$ 3: There is no relationship between foreign direct investment and gender wage gap in the formal sector in Uganda.

Ha3: There is a relationship between foreign direct investment and gender wage gap in the private sector in Uganda.

I tested these hypotheses using OLS (i.e., simple) linear regression to measure the correlation between the continuous variables, as suggested by Kahika and Karyeija (2017) and Nordman and Wolff (2009). In this chapter, I provide the analysis of the data collected through the research study. The following sections are on data collection, data analysis, analysis of descriptive statistics, evaluation of assumptions, summary of study results, and an introduction to Chapter 5.

## **Data Collection**

I collected secondary data for this study over the 8-year period from 2010 to 2017. The sample study population was the workforce in 11 formal sectors of the Uganda economy: manufacturing, finance and insurance, accommodation and food, arts and recreation, transport and storage, wholesale and retail, construction, agriculture, utility services, education, and health sectors. Data for foreign (FDI) and the percentage of female workers (PFW) were available for almost all 11 formal sectors for the 8-year time period (N=85) used in the study. However, data for the percentage of women in leadership positions (PFL) and the gender wage gap (GWG) were only available at the

annual level for the 8-year study period (*N*=8). Hence, Thus, 85 data points (88 - 3 missing values) were available for the initial regression of PFW on FDI. Because the second and third response variables (PFL and GWG) were only available on an aggregate annual basis, I converted FDI to annual foreign direct investment (FDIA) and the percentage of female workers (PFW) to annual percentage of female workers (PFWA) to be able to compare annualized data findings for all three response variables—PFWA, PFLA (annual PFL), and GWGA (annual GWG).

I obtained the data for the predictor variable (FDI and FDIA) from the Bank of Uganda database, and the data for the response variables—PFW and PFWA, PFLA, and GWGA—from the Uganda Bureau of Statistics (UBOS) database. The target population met the requirements of the study, as the sectors are recipients of foreign direct investment. Hence, the sample data met the study requirements.

I used the G\*power 3.1 software to calculate the sample size to determine the minimum sample requirement at the medium effect size  $f^2 = 0.15$ ,; alpha err probability = 0.05, power = 0.80, and number of predictors = 1. The calculated minimum sample size was 55. However, I increased the sample size to 85 to enhance generalizability to a larger population, and enhance the normality of the distributions of the study data to improve the likelihood of statistically valid findings.

The reliability and consistency of the analysis of the regression of the predictor variable on each of the response variables is indicated by Pearson's correlation coefficients. Pearson's r varies between +1 and -1, where +1 is a perfect positive

correlation, and -1 is a perfect negative correlation. 0 means there is no linear correlation at all (Akoglu, 2018). The correlation coefficient for the association between the predictor variable and response variables percentage of female leaders (.965) and GWG (-.948) is high, indicating the reliablity and consistency of the statistical findings of the study.

#### **Study Results**

The answers to the research questions, based on the results of the hypothesis tests, provide insight into the effects of the predictor variable (FDI) on the response variables (PFW, PFL, and GWG) in the formal sector of Uganda's economy. This section includes a discussion of the assumptions undelying the statistical tests, the descriptive statistics and correlations for the predictor and response variables, and the findings of the hypothesis tests for the three research questions.

## **Test Assumptions**

Correlation analysis establishes the association between variables. Pearson's correlation, like simple linear regression, estimates the associations between continuous independent and dependent variables (Frankfort-Nachmias & Leon-Guerrero, 2018). In this study, a correlation analysis establishes association between continuous predictor variable, FDIA and continuous response variables, PFWA, PFLA, and GWGA. Pearson's correlation coefficient indicates the direction and strength of association and level of significance of the association between the variables. ANOVA analyses the variance between the variables, and simple linear regression estimates the percentage of the

variance in the dependent variable explained by the computed relationship between the the independent variable and the dependent variable based on OLS.

The results of ANOVA model are considered reliable when certain assumptions are fulfilled (Frankfort-Nachmias & Leon-Guerrero, 2018): the independent and dependent variables are continuous data, dependent variable residuals are normally distributed (normality), the error terms of the regression have the same scatter around the regression line for all values of the independent variable (homoscedasticity), and there is minimal or no multicollinearity of the independent variables. In this study, the variables are continuous, and there is no multicollinearity because each regression has only one independent variable. Normality is a potential issue in this study due to the limited number of residuals or errors (i.e., the distances between the observed values of response variable (Y) and the mean values of Y for a given value of the independent variable (X) as a result of the small sample size (N=8) for the each regression based on annualized data. Fortunately, as noted by Frankfort-Nachmias and Leon-Guerrero (2018), ANOVA, the basis of simple linear regression analysis, is a robust technique that can tolerate lessthan-normally distributed data (skewed or kurtotic distributions). As it turned out, the data for the regression of PFW on FDI and PFWA on FDIA did not pass the normality or homoscedasticity tests. However, the regression of PFLA on FDIA and the regression of GWG on FDIA did.

The high  $R^2$  values (values of the coefficient of determination on the percentage of variance in the response variable predicated by the predictor variable) for the association between FDIA and PFLA and GWGA indicated a significant association between the

predicator variable and other response variables. While, the low R<sup>2</sup> value for the association between FDIA and PFWA indicated insignificant association between the predictor variable and response variable.

# **Descriptive Statistics and Correlations**

# Table 3

# Definition of Study Variables

FDI	Foreign Direct Investment from 2010 to 2017 by Sector for 11 Economic
	Sectors
PFW	Percentage of Female Workers from 2010 to 2017 by Sector for 11 Economic
	Sectors
FDIA	Annual FDI from 2010 to 2017 for 11 Economic Sectors
PFWA	Annual PFW from 2010 to 2017 for 11 Economic Sectors
PFLA	Annual PFL from 2010 to 2017 for 11 Economic Sectors
GWGA	Annual GWG from 2010 to 2017 for 11 Economic Sectors

# Table 4

Variable	Mean (M)	Standard Deviation (SD)	Sample Size (N
FDI	264.3321	292.90851	85
PFW	44.6074	22.04240	85
FDIA	2808.5250	822.40203	8
PFWA	51.9213	0.99085	8
PFLA	33.2375	12.04598	8
GWGA	37.4962	11.55266	8

Descriptive Statistics of Study Variables

# Table 5

Correlation of FDI and PFW

Variables	PFW		
DWI	Pearson Correlation	Sig. (1-tailed)	N
	008	.942	85

#### Table 6

Variables	FDIA			
	Pearson Correlation	Sig. (2-tailed)	Ν	
PFWA	.010	.290	8	
PFLA	.965	.000	8	
GWGA	948	.000	8	

Correlations of FDIA and PFWA, PFLA, and GWGA

### **Research Question 1 and Hypotheses**

Research Question 1 addressed the effects of foreign direct investment on the percentage of female workers. I conducted simple linear regression analysis to assess whether FDI significantly predicted the PFW. The simple linear regression indicated the relationships measured by the regression model were not significant. The relatonship between: FDI and PFW based on the 11 economic sectors an 8 years of data (N=85) were not significant (Tables 7 and 8).

The F-statistic (F = between-groups variance = 2.583 = .005,

within-groups variance = 491.995) indicated that the between the levels or groups variance was .much smaller than the size of within the groups' variance. The null hypothesis assumption was that between the group variances and within the group variances are the same; hence, the F-value equals 1. In this regression, the F-value of .005 was so small that I could not reject the null hypothesis.  $R^2$ , noted at .000, indicated the variance of the PFW is not predicted by FDI. Furthermore, in this regression, a level of significance of .942, with a correlation of -.008, also indicated that this regression was not significant. The relationship between FDI and PFW is not significant, and not

rejecting the null hypothesis is appropriate.

# Table 7

## ANOVA for Regression of PFW on FDI

		Sum of				
Mode	el	Squares	df	Mean Square	F	Sig.
1	Regression	2.583	1	2.583	.005	.942
	Residual	40835.603	83	491.995		
	Total	40838.186	84			

a. Dependent Variable: PFW

b. Predictors: (Constant): FDI

c. Sample Size (N): 8

## Table 8

Model Summary for Regression of PFW on FDI

Adjusted R						
Model	R	R Square	Square	Std. Error of the Estimate		
1	.008	.000	012	22.18097		

a. Predictor: (Constant). FDA

b. Dependent Variable: PFW

Similarly, the regression of PFWA on FDIA (Tables 9 and 10), based on the

annualized data (N=8), was not significant (F = 1.344, p = .290,  $R^2$  = .183). So, I could not reject the null hypothesis. There is no relationship between annual FDI and annual percentage of female workers.

#### Table 9

ANOVA for Regression of PFWA on H	FDIA	

		Sum of				
Model		Squares	df	Mean Square	F	Sig.
1	Regression	1.258	1	1.258	1.344	.290
	Residual	5.614	6	0.936		
	Total	6.872	7			

a. Dependent Variable: PFWA

b. Predictors: (Constant): FDIA

c. Sample Size (N): 8

### Table 10

Model Summary	for Reg	gression o	f PFWA	on FDIA
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			Adjusted R	
Model	R	R Square	Square	Std. Error of the Estimate
1	.428	.183	.047	.96734

a. Predictor: (Constant). FDAI

b. Dependent Variable: PFWA

### **Research Question 2 and Hypotheses**

Research Question 2 involved assessing the effect of FDIA on the PFLA. The Fstatistic in this regression indicated that the association measured between the variables was significant. F = 80.79 (Table 11) indicated that the between the levels or groups variance of the PFLA is 80.79 times the size of within the groups' variance. Hence, I could reject the null hypothesis. Furthermore,  $R^2 = .931$  (Table 12) indicated that FDI predicted approximately 93% of the variance of PFLA in the formal sector. The overall significance of the regression model is represented by the ANOVA statistic (Table 11). The one-way analysis of variance (ANOVA) is a comparison of means statistical test used to determine whether there are any statistically significant differences between means of two or more levels or groups on a continuous dependent variable (Frankfort-Nachmias & Leon-Guerrero, 2018). This regression, with a correlation of .965 between the independent and dependent variables statistically significant at a level of .000, was significant (Table 13). These results support Ha2: There is a relationship between foreign direct investment and the percentage of women in leadership positions in the formal sector in Uganda (Table 13).

## Table 11

### ANOVA for Regression of PFLA on FDIA

		Sum of				
Model		Squares	df	Mean Square	F	Sig.
1	Regression	945.520	1	945.520	80.792	.000
	Residual	70.219	6	11.703		
	Total	1015.739	7			

a. Dependent Variable: PFLA

b. Predictors: (Constant), FDIA

c. Sample Size (N): 8

### Table 12

## Model Summary for Regression of PFLA on FDIA

			Adjusted R	
Model	R	R Square	Square	Std. Error of the Estimate
1	.965	.931	.919	3.42099

a. Predictors: (Constant), FDIA

b. Dependent Variable: PFLA

# Table 13

		Unstandardized Coefficients		Standardized Coefficients			Correlations
Model		В	Std. Error	Beta	t	Sig.	Zero-order
1	(Constant)	-6.452	4.578		-1.409	.208	
	FDIA	.014	.002	.965	8.988	.000	.965

# Coefficients for Regression of PFLA on FDIA

The residual plots (Figures 1 and 2) indicate that the assumptions of normally and randomly distributed residual (error) terms are approximately met despite the small sample size (N=8).

# Figure 1

Histogram of Frequencies of Residuals for Regression of PFLA on FDIA



## Figure 2

Normal P-P Plot of Regression Standardized Redsiduals for Regression of PFLA on

FDIA



Normal P-P Plot of Regression Standardized Residual

## **Research Question 3 and Hypotheses**

Research Question 3 involved assessing the effect of FDIA on GWGA. The Fstatistic, F = 52.95 (Table 14), indicated that the relationship between foreign direct investment and GWG was significant. F = 52.95 indicated that the between the levels or groups variance of GWG is 52.95 times the size of within the groups' variance. Hence, I can reject the null hypothesis. Furthermore,  $R^2 = .898$  (Table 15) indicating that foreign direct investment predicted approximately 90% of the variance the GWG in the formal sector. The overall significance of the regression model is represented by the ANOVA statistic (Table 14). This regression, with a correlation of -.948 between the independent and dependent variables statistically significant at a level of .000, was significant (Table 16). These results support *H*a3: There is a relationship between foreign direct investment and GWG in the formal sector in Uganda (Table 16).

# Table 14

# ANOVA for Regression of GWGA on FDIA

		Sum of		Mean		
Model		Squares	df	Square	F	Sig.
1	Regression	839.158	1	839.158	52.950	.000
	Residual	95.089	6	15.848		
	Total	934.247	7			

d. Dependent Variable: GWGA

e. Predictors: (Constant), FDIA

f. Sample Size (N): 8

# Table 15

# Model Summary for Regression of GWGA on FDIA

			Adjusted R	
Model	R	R Square	Square	Std. Error of the Estimate
1	.948	.898	.881	3.98098

a. Predictors: (Constant), FDIA

b. Dependent Variable: GWGA

# Table 16

# Coefficients for Rgression of GWGA on FDIA

	Unstandardized Coefficients		rdized ients	Standardized Coefficients			Correlations
			Std.				
Model		В	Error	Beta	t	Sig.	Zero-order
1	(Constant)	74.887	5.328		14.056	.000	
	FDIA	013	.002	948	-7.277	.000	948

The residual plots (Figures 3 and 42) indicate that the assumptions of normally and randomly distributed residual (error) terms are approximately met despite the small sample size (N=8).

# Figure 3

Histogram of Frequencies of Residuals for Regression of GWGA on FDIA



## Figure 4

Normal P-P Plot of Regression Standardized Residuals for Regression of GWGA on

FDIA



Normal P-P Plot of Regression Standardized Residual

#### **Summary**

The purpose of this study was to examine the effects of FDI on PFW, PFL, and GWG in Uganda's formal sector. I used the quantitative correlational research design to examine the effects of the independent variable on the dependent variables. I statistically analyzed the hypotheses corresponding to the study research questions using linear regression analysis on secondary data from 85 samples (N =85) of FDI and PFW, and 8 samples (N =8) of FDIA, 8 samples (N =8) of PFWA, 8 samples (N =8) of PFLA, and 8 samples (N = 8) of GWGA.

In examining the association between FDIA and PFWA, the results of the linear

regression were not significant (F = 1.344, p = .290,  $R^2 = .183$ ), which supports the null hypothesis that there is no relationship between foreign direct investment and the percentage of female workers in the private sector in Uganda. In examining the relationship between FDIA and PFLA, the results of the linear regression were: F =80.79, p = .000,  $R^2 = 0.931$ , indicating that the regression was significant. With a correlation of .965, determined to be statistically significant at 0.000 level, that the regression was statistically significant. Then,  $R^2 = .931$  indicating that foreign direct investment predicted approximately 93% of the variance of female leaders in the formal sector. These results support *H*a2. There is a relationship between relationship between foreign direct investment and the percentage of women in leadership positions in the private sector in Uganda.

In examining the association between FDIA and GWGA, the results of the linear regression were: F = 52.95, p = .000, R<sup>2</sup> = 0.898, indicating that the regression was significant. F = 52.95, indicated that between the levels or groups variance is 52.95 times the size of within the groups' variance. While, with the correlation of -.948 determined to be statistically significant at 0.000 level, the regression was statistically significant. An R<sup>2</sup> = .898 indicates that foreign direct investment predicted approximately 90% of the variance of GWGA in the formal sector. These results support *H*a3: There is a relationship between foreign direct investment and the gender wage gap in the private sector in Uganda. In Chapter 5, I discuss the interpretation of the study's findings, limitations of the study, recommendations of future research, implications for social change, and finish with concluding remarks on the findings of the study.

Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this quantitative correlation study was to examine the relationship between foreign direct investment as a predictor variable, and the percentage of female workers, the percentage of women in leadership positions, and GWG as response variables. The study involved the use of secondary data of foreign direct investment inflows to Uganda in U.S. dollars and employment statistics for women in Uganda. In the findings of this study, I noted that whereas there is no relationship between foreign direct investment and the percentage of female workers, there was a relationship between foreign direct investment and the percentage of women in leadership position, and between foreign direct investment and the percentage of women in leadership position, and between foreign direct investment and GWG in Uganda's formal sector.

In Chapter 4, I analyzed the secondary data collected and presented the findings. In this chapter, I discuss in detail the interpretations of findings, limitations of the study, recommendations for further research, positive social change implications as well as how this erudition supports the study's theoretical framework, and conclusion.

## **Interpretation of Findings**

FDI inflows are vital as a catalyst of economic growth in Uganda. Odongo (2012) noted that FDI inflows impact economic growth in Uganda through domestic investment in infrastructure and other industries, export led growth, and GDP growth. Corrrespondingly, the impact of FDI inflows on economic growth in Uganda creates jobs in the private sector. In this study, I set out to examine the effects of FDI on gender equality regarding percentages of female workers, percentages of women in leadership positions, and GWG in Uganda's formal sector. The interpretation of findings and comparison of findings to existing literature follows.

#### **Research Question 1**

The findings related to this question revealed that FDIA has no effect on PFWA in Uganda's private sector. The economic growth experienced through FDI inflows does not translate to an increase in the percentages of female workers in Uganda's private sector. There are several factors that confound the low percentages of women in the workforce. In part, men and women differ in their economic needs, physical capacities, and technical skills and expertise. This is a consequence of the low number of young women enrolling in science, technology, engineering, and mathematics courses, which limits opportunities for women, especially in the manufacturing sectors.

Enhancing the relevance of training courses and synching schooling and technical skills acquisition to industry and market demands may ameliorate low women enrolment in science, technology, and technical courses. At a policy level, tools such as the UNDP Gender Equality Seal, a model for industries to create dispensations of women empowerment through equal opportunity and merit; a model that The Private Sector Foundation Uganda has pledged to employ to influence policy decisions toward gender parity in public and private workforce. Bitature (2016) noted that The Private Sector Foundation Uganda's pledge to adopt the Gender Equality Seal Certification Program for public and private enterprises was a policy decision to help industries create more equitable conditions for men and women in Uganda's workforce.

The findings for this question are in line with the findings of the study by Latore (2016). Latore in her analysis of the impact of FDI and tariff reforms on female and male workers in Tanzania noted productivity gains with subsequent wage increases across the board for all workers; however, the gains in gender percentages and wage increases benefited women less because of women's poor skills and lower level of involvement in the service sector. To the contrary, the findings of the studies by Chen et al. (2013), Olcott and Oliver (2014), Kodama et al. (2016), and Carr (2016) revealed a positive effect of FDI on percentages of female workers in organizations. Whereas, Jaffri et al. (2015) argued that foreign direct investment increased gender inequality by decreasing the percentage of women in the workforce, because in manufacturing sectors men are considered more capable workers than women primarily because of their physical prowess compared to women.

In the context of the theoretical grounding of this study, the study findings of the effect of FDI on the percentages of female workers is in line with the 1957 discrimination theory put forward by Becker, reviewed by Leonard (1957), as reported by Chaudhuri and Mukhopadhyay (2014), that organizations treat women employees differently than men, giving women little opportunity and awarding women lower wages as compared to their male counterparts.

#### **Research Question 2**

The findings for this question revealed that there is a positive correlation between as FDIA and PFLA in Uganda's private sector. The economic growth experienced through FDI inflows translates to an increase in the percentages of female leaders in Uganda's formal sector. FDI empowers women in Uganda's formal sector through opportunity and merit to sit at the negotiation table and participate in decision making in organizations. A positive correlation between FDI and PFLA is a vital contribution of FDI toward UN Agenda 2030 and SDGs, among which are economic growth and development, good jobs, and equitable opportunities for both men and women.

The findings to this question are consistent with the existing literature that examined the correlation between FDI and career advancement in Japanese MNCs (Kodama et al., 2016; Tanaka, 2015). The answer to this question is also in line with Chabot and Duyvendak (2002), classical diffusion theory, that inventions, resources, and inventiveness, and opportunity stem from the industrialized countries of the West (Northern Hemisphere) and drift into the recipient, less industrialized or developing nations of the Southern Hemisphere.

## **Research Question 3**

The findings for this question revealed that there is a positive correlation between as FDIA and GWGA in Uganda's formal sector. FDI inflows positively affects GWG in Uganda's private sector. The private sector contributes the largest share of employment and income generation and therefore a pivotal sector in Uganda's economic growth and development. Women in formal employment are mothers and anchors of most families. Equitable wages mean families can afford better education for their children, better health, and an improved standard of living. MNCs' CSR cultures that enable industry-wide skills training and enhanced industry performance ensuring equal benefits and opportunity for both men and women could further improve the GWG in Uganda's formal sector. Equally, lawmakers can improve gender balance in the formal sector through constitutional reforms. The findings to this question are in line with existing literature that FDI inflows minimized GWG (Lai & Sarkar, 2017; Rasekhi & Hosseinmardi, 2012).

#### **Limitations of the Study**

The study had a few limitations to generalizability, validity, and reliability. First, limitations inherent with secondary data collection abound. I had limited access to the archives of institutions with secondary data due to COVID-19 restricted travel. I collected secondary data solely from the databases of the corresponding institutions. There were significant omissions and inconsistencies in the secondary collected for the dependent variables that I could not overcome by cross checking with data in the archives of the institutions. For example, data on the percentages of female workers in the education and health sample sectors was missing for a few years of the study period. The data on the percentages of female leaders and GWG were only available on an aggregate annual basis. The processing of secondary data to ensure comparability also caused loss of relevant data.

Even then, the study is truthful, and the findings are credible and valid because I collected secondary data from databases of reputable institutions that collect raw data through large sample surveys. According to Tripathy (2013),
such data from large sample surveys and converted to annual publications are of higher quality and representative of the population. The limitations were also minimized by conversions of FDI to annual foreign direct investment (FDIA), percentage of female workers (PFW) to annual percentage of female workers (PFWA), that enabled comparison of annualized data findings for the three response variables—PFWA, annual PFL(PFLA), and annual GWG (GWGA).

## Recommendations

This study supports accounts by Wakyereza (2017) on the impact of foreign direct investment on economic growth, employment and poverty reduction in Uganda, Odongo (2012) on FDI and economic growth in Uganda, and Obwona (2001) on determinants of FDI and their impact on economic growth in Uganda. The findings from this study suggests that FDI positively affects the percentages of female leaders and narrows the GWG, but FDI has no effect on the percentages of female workers in the formal sector in Uganda. FDI inflows act as a catalyst to boost Uganda's economic growth which provides much needed jobs. The findings of this study present a starting point for the various stakeholders to attend to the effects of FDI on gender disparities in Uganda's workforce.

Considering the limitations placed on this study, such as limited access to research data, omissions in the database of relevant data, and in some cases outdated secondary data related to the statistics on the Ugandan workforce, and the lack of direct research and large sample studies conducted on the impact of FDI on gender disparity considering confounding factors such as level of education, tenure in organizations, expertise, and experience, I recommend further research using large sample primary data targeting effects of FDI on gender disparity of workforce in the formal sector taking into account the above confounding factors. Another exciting area of further research is studying the impacts of FDI on societal, gender-specific spending. No researchers have endeavored to study the impacts of foreign direct investment on societal, gender-specific spending (Kim, 2015).

Regarding the environmentally degrading economic activities of MNCs, such as in the extractive industries, I further recommend future research on the environmental impacts of FDI in Uganda. Bax et. al (2019), in their study of land-use conflicts between biodiversity conservation and extractive industries in the Peruvian Andes, recommended serious consideration of biodiversity in natural planning and allocation of land for extractive industries.

## Implications

The findings of this study suggest that FDI positively impacts the percentages of female leaders and the GWG in Uganda's private sector. The findings present a starting point for the stakeholders to address the role of FDI in enhancing gender equity in the workforce. According to Antonio Gutteres, the United Nations Secretary-General, gender inequality is the biggest human rights challenge the world is currently facing. Gender inequality is a grave injustice (Gutteres, 2020). The United Nations Sustainable Development Goals 2015–2030 agenda (UNSDG, 2015) incorporates gender equality and women's emancipation as one of the pillars of these goals.

The increase of women in leadership positions in the private sector as impacted by FDI translates to women's empowerment (i.e., personal growth and development), women's contributions to hierarchical organizational decision making, and an increase in their social status. Mothers stand out as role models and an inspiration to children, communities, and a society. Equitable wages translate to a disposal income that enables women to contribute to sustainability of their families and more disposable income enables families to afford better health, education, and the improvement of the standard of living of female workers in the formal sector.

Implication on policy is that the positive effects of FDI on the percentages of female leaders and GWG in the formal sector is a step in the right direction toward the achievement of Agenda 2030 and SDGs. Patrick Bitature (2016), the Chairperson of Private Sector Foundation Uganda, noted that gender parity at the workplace in the private sector through equal opportunity and merit enables the private sector to contribute toward achievement of Agenda 2030 and SDGs.

Despite the limitations of this study, I hope its findings ignite further interest from policy makers on the impact of FDI on gender gaps in Uganda. And that it motivates other researchers to conduct further research with large sample primary data on the impact of FDI on gender gaps in Uganda.

## Conclusions

I set out in this study to examine the effects of FDI on gender inequality in Uganda. Uganda like other resource-scarce Sub-Saharan countries puts a premium on FDI inflows to boost economic growth and development. As a result, Uganda has recorded a continuous increase of FDI inflows over the last decade. In the existing literature, evidence suggests FDI impacts gender equality either positively or negatively (i.e., FDI decreases or increases gender equality). This study provided additional evidence that FDI reduces the gender disparity reflected in the percentages of female leaders and GWG in Uganda's formal sector, but FDI has no effects on the percentages of female workers. This shows that whereas the economic progression that the country is experiencing due to FDI inflows translates into reducing gender disparity on the percentages of female leaders and the GWG in the formal sector, FDI has no effect on the percentages of female workers. The findings of this study open the gateway for future research into factors that restrict and enhance the positive effects of FDI on gender disparity within the country. As such, the findings present a call to action for the various

stakeholders to advance initiatives to increase the positive impact of FDI on gender equality in Uganda's workforce and thus reap the benefits of having more women in the Ugandan workforce.

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Appendix A: G\*power 3.1 Software Sample Size Verification Graphics