Foreign-owned firms and the gender wage gap: Does cultural transmission matter?

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Abstract
This paper examines how foreign direct investment (FDI) influences the gender wage gap, using matched employer-employee data from Hungary between 2003 and 2017. I find that foreign-owned firms exhibit a 4 percentage points larger within-firm gender wage gap compared to domestic firms, even after accounting for worker- and firm-level selection. This gap persists even after foreign capital withdraws, suggesting a lasting structural imprint. Furthermore, the results highlight the role of cultural norms: subsidiaries of companies from countries with more favorable economic opportunities for women show significantly smaller gender disparities. Greater wage-setting flexibility is also associated with a wider gender wage gap, especially among new hires. Overall, the study demonstrates that foreign ownership not only affects wage structures through economic channels but also transmits cultural norms that shape gender inequality in the labor market. (JEL: J16, J31, M52, F23)

Keywords: gender inequality, wage inequality, foreign-owned firms.

1. Introduction

Since the Second World War, gender disparities in human capital accumulation and wages have narrowed considerably (Goldin, 2014a; Olivetti & Petrongolo, 2016). This progress has been driven in part by structural shifts in the economy (Olivetti & Petrongolo, 2016), technological innovations that facilitated women's labor market participation (Goldin & Katz, 2002; Olivetti & Petrongolo, 2016), as well as a decline in (both taste-based and statistical) discrimination (Goldin, 2014b). However, the pace of convergence has slowed

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in recent decades (Blau & Kahn, 2017). As of 2021, the gender wage gap in median earnings for full-time workers in OECD countries remained at 12 percent (OECD, 2023). A growing body of research attributes this stagnation partly to persistent disparities in the likelihood of joining high-paying firms and the unequal distribution of firm-specific wage premia (Barth et al., 2021; Boza & Reizer, 2024; Goldin et al., 2017; Masso et al., 2022; Palladino et al., 2021). Moreover, these premia tend to grow more rapidly for men, further widening gender disparities (Bruns, 2019).

This paper explores how firms contribute to shaping the gender wage gap, with a particular focus on foreign-owned firms—commonly recognized as high-paying employers (Aitken et al., 1996; Broniatowska & Strawiński, 2021; Conyon et al., 2002; Earle et al., 2018; Hijzen et al., 2013; Sjöholm & Lipsey, 2006). The importance of foreign-owned firms in economies has grown alongside accelerating global economic integration. Just in the first half of 2024, global foreign direct investment (FDI) flows reached USD 802 billion (OECD, 2024). Foreign-owned firms also draw interest because of the ongoing debate regarding their effects on economic growth and inequality (Figini & Gorg, 2011)—issues that carry substantial policy relevance.

In this analysis, I use Hungarian linked employer–employee panel data from 2003 to 2017, which enables tracking individual workers across firms over time. To estimate the effect of FDI on the gender wage gap, I employ a fixed-effects model that controls for both worker- and firm-specific fixed effects. This approach improves the validity of comparisons between foreign- and domestically-owned firms by accounting for unobserved heterogeneity.

The identification strategy focuses on two groups of workers: (i) incumbents who remain with a firm before and after it becomes foreign-owned, and (ii) new hires who move from domestic to foreign firms. The former allows for a within-firm before-and-after comparison, while the latter captures wage changes associated with transitioning to a foreign-owned firm. This dual design helps mitigate selection bias stemming from acquisition dynamics and worker mobility patterns.

The results show that, on average, the gender wage gap is 4 percentage points larger in foreign-owned firms compared to domestic ones, even after accounting for selection at both the worker and firm level. To better understand this gap, I investigate the role of wage-setting flexibility. The results suggest that the effect of FDI is amplified in environments where employers have greater flexibility to adjust wages. Among new hires, the gender wage gap is 3 to 9 percentage points larger in foreign-owned firms relative to domestic ones. In contrast, among incumbent employees, foreign acquisition leads to an increase of less than 2 percentage points. This smaller effect likely reflects the limitations imposed by downward wage rigidity, which restricts employers' ability to adjust existing wage structures after acquisition. By contrast, wages for new hires are set more freely, leading to greater disparities. To further explore the role of wage-setting flexibility, I use within-firm wage dispersion

among male employees as a proxy. I find that about half of the foreign–domestic differentials in the gender wage gap can be attributed to greater flexibility in wage-setting at foreign firms.

Foreign ownership also leaves a lasting imprint on wage structures. Even after firms revert to domestic ownership, they continue to pay a wage premium of around 2 percent relative to firms that have always been domestically-owned. This is half the premium observed during foreign ownership. Notably, the gender wage gap in these formerly foreign-owned firms remains as high as in currently foreign-owned firms, and significantly larger than in never-foreign firms. These findings indicate that foreign ownership has persistent effects on pay-setting practices.

Beyond overall wage inequality, recent literature emphasizes the role of firm-specific wage premia in explaining gender disparities. To provide a more comprehensive understanding of ownership-related differences in wage-setting, I examine the gender gap in firm-specific wage premia. Among domestic firms, the premium generally rises with productivity, as does the gender gap. By contrast, foreign-owned firms display a gender gap in the premium even at the low end of the productivity distribution, and this disparity persists across the spectrum. Although foreign firms tend to share more firm-specific premium with employees, women consistently receive a smaller share than men. These findings challenge the notion that the larger gender wage gap in foreign firms is simply a byproduct of higher productivity and broader rent sharing from which women benefit proportionally less.

In terms of workforce composition, I find that the share of female workers is higher at foreign firms than at domestic firms. However, foreign acquisitions do not significantly alter the gender composition of the workforce, which is consistent with earlier findings showing limited changes in employment structure following acquisition (Crinò, 2009; Earle et al., 2018; Pető & Reizer, 2024).

In the second part of the paper, I explore whether foreign investors play a role in cultural transmission, particularly concerning gender equality. Specifically, I assess whether firms owned by investors from countries with better economic opportunities for women exhibit a smaller gender wage gap. The evidence suggests that they do: the gender wage gap is nearly 50 percent smaller in firms with parent companies based in countries with more favorable conditions for women. Furthermore, the gender gap in firm-specific wage premia is consistently lower across the productivity distribution in these firms, suggesting a cultural transmission channel.

Finally, I consider several mechanisms that may explain these patterns. One potential explanation is that women are less likely to negotiate assertively for higher pay (Biasi & Sarsons, 2022; Kiessling et al., 2024; Roussille, 2024), putting them at a disadvantage in more flexible wage-setting environments. This could partly account for the larger gender wage gap observed among

new hires. In contrast, when firms implement broad wage increases post-acquisition—where individual negotiation plays a smaller role—the gender gap tends to be smaller. Cultural attitudes toward gender roles may further shape negotiation outcomes, potentially contributing to larger disparities in firms owned by investors from less gender-equal societies.

Nonetheless, I cannot rule out two alternative explanations. First, relative productivity differences between men and women may vary across foreign and domestic firms, influencing wage disparities. However, wage rigidity limits the extent to which wages for incumbents can be adjusted, potentially explaining the smaller observed gap within this group. Second, statistical discrimination may be more prevalent in foreign firms, especially affecting new hires whose productivity is less certain. Lastly, I show that my results are not driven by differences in management gender composition or by variations in the importance of overtime and working outside regular hours between foreign and domestic firms.

This paper contributes to three strands of the literature. First, it adds to the growing body of research documenting that firms play a significant role in gender wage inequality (Barth et al., 2021; Boza & Reizer, 2024; Card et al., 2016; Masso et al., 2022; Palladino et al., 2021). A particular focus has emerged around foreign-owned firms. Magda and Salach (2023) analyze Polish data, while Vahter and Masso (2019) use Estonian data, both finding that wage inequality tends to be higher in foreign-owned firms compared to domestic ones. However, these studies are limited by selection concerns—either by assuming that gender is independent of unobserved wage-relevant traits or by lacking the ability to simultaneously control for worker- and firm-level heterogeneity. Addressing these selection concerns, Stolzenburg et al. (2020) and Luomaranta et al. (2020) investigate the impact of foreign acquisitions on the wages of incumbent workers, finding that foreign ownership widens the gender wage gap.[1] In this paper, besides showing evidence that the gender wage gap is substantially larger at foreign than at domestic firms, I contribute to this literature by exploring other aspects of wage-setting behaviors that are different between domestic and foreign firms. I show that greater flexibility in wage-setting amplifies the ownership difference. Because of this, estimating foreign-domestic differences only by focusing on acquired firms and their incumbent workers leads to an underestimation of the ownership difference. I show in the paper that the difference in the gender wage gap between domestic and foreign

1. Earlier studies on foreign ownership and the gender wage gap faced data limitations, leading to mixed evidence. Some research relied on household and sector- or province-level data (Braunstein & Brenner, 2007; Helble & Takeda, 2020; Sharma, 2020), while others used cross-sectional firm-level data (Chen et al., 2013) or cross-sectional employer-employee matched data (Greaney & Tanaka, 2021; Ono & Odaki, 2011). Additionally, some studies employed firm-level panel data, but focused solely on the employment of female workers rather than their wages (Fernández Delgado, 2020; Kodama et al., 2018; Siegel et al., 2014).

firms is larger among those newly entering the firm. Furthermore, foreign ownership has a long-lasting impact on the firm's wage-setting practices that persists even after FDI withdrawal. Moreover, in contrast to domestic firms, there exists a gender gap in firm-specific premium even at the bottom of the productivity distribution, which is observable along the entire distribution.

Second, I contribute to emerging research on the role of foreign investors in transmitting cultural norms across borders. Studies by Tang and Zhang (2021) and Choi and Greaney (2022) find that foreign affiliates from more gender-equal countries tend to exhibit higher female employment shares in China and Korea compared to affiliates originating from less gender-equal countries. Extending this line of the literature, Greaney and Tanaka (2021) provide evidence of cultural transmission in wage differentials in a subsample of 32 Korean firms, while Zimmermann (2022a) confirms similar patterns among German firms. However, neither study addresses selection biases arising from the tendency of foreign firms to engage in cherry-picking behavior when entering new markets and from the sorting of more ambitious and highly skilled workers into better-paying firms. Halvarsson et al. (2024) provide evidence in the reverse direction: a feedback effect from the host to the home country on the gender wage gap. They show that Swedish firms with strong intra-firm linkages to Estonia, a country with a high gender wage gap, have a relatively large gender wage gap at home. By leveraging panel data and controlling for both worker and firm fixed effects, I show that the gender wage gap is nearly 50 percent smaller in affiliates originating in countries with better economic conditions for women. This pattern also holds for firm-specific wage premia across the productivity distribution, reinforcing the interpretation that cultural transmission shapes pay practices and gender disparities in host countries.

Third, this paper contributes to the broader literature on the impact of FDI on wage structures and labor market inequality. While FDI is widely associated with productivity gains and wage premia (Aitken et al., 1996; Broniatowska & Strawiński, 2021; Conyon et al., 2002; Earle et al., 2018; Girma & Görg, 2007; Hijzen, 2007; Sjöholm & Lipsey, 2006), the distributional consequences remain less clear. In this paper, I show that FDI can increase the inequality in the host country, and wage-setting flexibility plays a critical role in amplifying this effect.

2. Data and Measurements

2.1. Dataset

I use the Panel of Linked Administrative Data (Admin3) database, provided by the Centre for Economic and Regional Studies (KRTK) Databank.[2] This database contains administrative wage data for a 50 percent random sample of the population between 2003 and 2017. The dataset contains unique identifiers for employers and firms. This data structure enables me to follow workers between firms. Besides, the database contains information on wage, working hours, age, gender, and occupation. Unfortunately, educational information is not available in the dataset. I follow the work of Köllő et al. (2021) and Penner et al. (2023) to proxy the worker's skill level with their highest occupational status in 2003–2017.[3]

The firm-level data contains the corporate income tax returns for the universe of incorporated firms collected by the National Tax and Customs Administration. I observe the firms' balance sheet and income statements on the yearly level and the firms' industry. I link this dataset to ownership information provided by Central European University MicroData.[4] This dataset includes information on the country of the owner if the firm is foreign-owned. The two datasets were linked using a probabilistic matching technique following the approach of Card et al. (2016). Further details on the data and matching procedure are provided in Section A.1.

2.2. Sample selection and labor market outcomes

Despite having monthly worker-level information, each year, I only keep company and company-related information where the employee worked in October in the given year, as the firm-level data is only available annually. I restrict the sample to workers employed under labor contracts at a firm

2. The linked administrative data collection (Admin3) is the property of the data owners NEAK, MÁK, NAV, ITM, OH, and their legal successors. The data used was processed by KRTK Databank.

3. Following the work of Köllő et al. (2021), I define three skill statuses based on 1-digit occupation classification (ISCO). Highly skilled workers are persons employed in the occupations Top managers (1), Other managers (2), and Professionals (3) at least once between 2003 and 2017. Low-skilled workers were always employed as Assemblers and machine operators (8) or in Elementary occupations (9) between 2003 and 2017. All other workers are classified as medium-skilled workers. See Köllő et al. (2021) and Penner et al. (2023) for more detail.

4. HUN-REN KRTK (distributor). 2024. "Mérleg LTS [data set]" Published by Opten Zrt, Budapest. Contributions by CEU MicroData. Data usage is subject to a licensing agreement with Opten Kft. To process the data, CEU MicroData received funding from the National Research, Development and Innovation Office (Forefront Research Excellence Program contract number 144193).

employing at least 10 employees at least once during the observed period. I only keep workers aged between 20 and 60 years. I also remove observations with missing wage or occupation information and occupations occurring only in public administration, such as legislative, administrative, and special-interest organization leaders and armed forces occupations. I exclude firms with missing industry information from the sample.

I use the average daily wage as the main wage metric in the analysis by summing non-zero monthly earnings in a given calendar year-company spell and dividing it by the number of days with earned income. The calculation is based on the total compensation variable provided in the dataset. This measure includes all income components subject to social security contributions. Several adjustments are necessary when assessing wage inequality between men and women. First, in the main analysis, I do not adjust wages based on working hours. Instead, I limit the sample to full-time workers (those working more than 36 hours per week). However, part-time workers are also included in the robustness checks.

Second, women are more likely than men to take sick leave due to childcare responsibilities. To ensure that the observed wage patterns are not simply reflecting wage reductions during sickness absence, I follow the work of Bíró et al. (2024) and adjust monthly wages to account for it.[5]

Third, mothers in Hungary are eligible for a social allowance during the first two years following childbirth. Under certain conditions, mothers may work during this period and receive both the allowance and a salary simultaneously. Sometimes, these social allowances, paid through the employer, are recorded as income in the database, leading to an overestimated salary. I exclude all mothers from the sample for the two years following childbirth to avoid skewed results.

I measure the firms' gender composition using a continuous variable representing the percentage of female employees in a given year. For the management composition, I use a binary variable that takes a value of one if there is at least one female manager and zero otherwise. The primary analysis of a firm's gender composition focuses on full-time employees to maintain

5. In Hungary, sick leave is structured into two separate stages. In the first 15 days of sick leave taken in any given calendar year, the employee receives 70% of her average daily income, and the employer is responsible for providing this compensation. In the second stage, the employee receives 60% of their average wage, and responsibility for financial support shifts to the National Health Insurance Fund (NEAK). The dataset provides information on days covered by NEAK, therefore, I can adjust for income loss during this second stage. Nevertheless, the first stage of sick leave is not directly observable in the dataset. To account for income loss in the first stage, I assume that any individual recorded as receiving at least one day of NEAK-paid sickness benefit had already exhausted the full 15-day entitlement to employer-paid sick leave. I correct their wage by assuming that these 15 days were taken with an even distribution over the months preceding the first state-compensated sickness benefit. This approach follows the work of Bíró et al. (2024).

consistency with the wage regressions. However, the findings remain robust when all part- and full-time workers are included.

2.3. Gender norm-related measures

Both the World Economic Forum (WEF) and the United Nations (UN) have developed indicators to measure gender inequality and women's economic opportunities globally. This analysis focuses on two key indicators that assess women's economic participation and opportunities in each country.

The World Economic Forum measures the gender gap in 115 countries across five areas: economic, educational, health, and political (Hausmann et al., 2006). I focus on the first area, the gender gap in economic opportunities. I classify a country as having good economic opportunities for women if it ranks among the top 20. I consider those ranked lower to offer limited opportunities. I categorize foreign-owned firms based on this country classification. A firm is categorized as originating from a country with favorable economic opportunities for women if at least one of its investors is from such a country. If no investors are from such countries, I classify the firm as originating from a country with limited opportunities for women. Firms from countries not ranked or with missing country-of-origin data are grouped as "other foreign firms". The firm's classification is determined by its first year of foreign ownership and remains unchanged over time. 686,227 worker-year observations are classified as "female-friendly" according to this definition, of which 39 percent belong to American, 27 percent to Swiss, and 11 percent to Swedish companies (see Appendix Table A.2).

While the first measure ranks countries based on the gap between women's and men's economic opportunity, the second measure, reported by the UN[6], captures women's economic opportunities as a level, specifically the female labor force participation rate. I consider a country to provide favorable economic prospects for women if the labor force participation rate exceeds 60 percent. The same rule is followed as above to categorize foreign firms by the origin of their foreign capital. 319,382 worker-year observations are defined as "female friendly" according to this definition, in which Swiss, Swedish, and Canadian companies are the most common (see Appendix Table A.2).

For robustness, I focus only on OECD member countries and compare firms from OECD countries with favorable and unfavorable economic opportunities for women. An OECD member is considered to have good economic conditions for women if (i) it is among the top 20 in the WEF economic opportunity rankings or (ii) its female labor force participation rate is above 60 percent.

6. Downloaded from $http://data.un.org/Explorer.aspx?d=WDIf=Indicator_Code\%3aNY.GDP.PCAP.PP.CD$ on 11.05.2022.

Firms from non-OECD countries or with missing information on origin are again grouped as "other foreign firms."

Further details on the country of origin of FDI and the measurement approach are provided in Appendix Section A.1-A.2.

2.4. Descriptive statistics

In the final sample, there are 11,633,407 worker-year observations corresponding to 1,802,277 workers working at 89,846 firms. 39 percent of the worker-year observations correspond to females and 38 percent pertain to employment at a foreign-owned firm.

Appendix Table B.1 and B.2 present the descriptive statistics of the individuals and firms, respectively. Foreign firms employ a higher proportion of female workers, have a younger and more skilled workforce, and pay higher wages to both genders. Foreign firms also tend to be larger in terms of sales revenue and number of employees. The presence of foreign- and domestically-owned firms is comparable in the service industry, with 61 percent of domestic firms and 62 percent of foreign firms operating in this industry.

3. Wage Effect

3.1. Estimation strategy

To see whether foreign ownership matters for the gender wage gap, I use a worker-level Mincer-type equation augmented with a foreign ownership dummy and its interaction with the female dummy, in the following form:

$$\begin{aligned} lnw_{iojt} = {} & \beta_1 * Female_i + \beta_2 * Female_i * Foreign_{jt} + \beta_3 * Foreign_{jt} \\ & + \beta_4 * Divestment_{jt} + \beta_5 * Female_i * Divestment_{jt} + X'_{it}\gamma \\ & + \alpha_o + \tau_t + [\alpha_s] + [\alpha_j] + [\alpha_i] + \varepsilon_{ijt}, \end{aligned} \tag{1}$$

where lnw_{iojt} is the logarithm of the daily wage of worker i working in occupation o at firm j in year t. $Female_i$ is a dummy for being female and $Foreign_{jt}$ is a dummy variable that takes the value of one if foreign owners controlled the firm where the worker is employed at year t. The coefficient of the $Female_i$ dummy captures the wage differences between male and female workers at domestic firms. The main coefficient of interest, the coefficient of the interaction term of the $Foreign_{jt}$ and $Female_i$ dummies, shows whether the gender wage gap differs between domestic and foreign firms. The dummy variable $Divestment_{jt}$ indicates that a firm, while currently domestically owned, was previously in foreign ownership. The estimated parameter for $Divestment_{jt}$ reflects the wage premium in firms that transitioned from foreign to domestic ownership compared to those that remained in domestic ownership

throughout the observed period. The interaction between the $Divestment_{jt}$ and $Female_i$ dummies captures how the gender wage gap differs between these two types of firms.

X_{it} is a vector of the observable characteristics of worker i. It includes the three skill categories, age and its square, and tenure (years worked at the given firm) and its square. α_o are occupation-specific fixed effects. Standard errors are clustered at firm level.

Estimating the difference between foreign and domestic firms poses the challenge of controlling for firm- and worker-level selectivity (Almeida, 2007; Earle et al., 2018). To address these issues and identify causal effects, I incrementally include more variables in the model, gradually accounting for selection mechanisms. First, I control for industry-specific fixed effects (α_s). By doing so, I compare firms within the same industry, eliminating the selection bias that might arise from foreign and domestic firms preferring different industries with varying skill and task requirements and, consequently, having different demands for female workers.

In the second step, I add firm-specific fixed effects (α_j) to the model. This approach allows me to control for time-invariant systematic differences between domestic and foreign firms.[7] In the preferred setting, I do not control for time-varying firm characteristics such as size or exporting status, as they potentially represent channels through which ownership may affect wages. Instead, I control for their average levels using fixed effects. I do include these characteristics in additional robustness regressions. However, the workforce composition of domestic and foreign firms might be different, as it may change also around ownership switches. Therefore, I might compare different women and men. This possibility can arise due to worker selection, and foreign firms potentially employing more ambitious and better-skilled workers (Bøler et al., 2018; Pető & Reizer, 2024).

To overcome this issue, the third step involves adding worker-specific fixed effects to the model (α_i).[8] This specification accounts for the possibility that foreign and domestic firms have different workforce compositions, thereby controlling for the potential cherry-picking of firms with the highest quality and most productive workforce by foreign investors. Since the dummy variable $Female_i$ cannot change within an individual observation, in the most restrictive model—where both individual- and firm-specific fixed effects are included—the variation needed to estimate the interaction term ($Female_i * Foreign_{jt}$) comes from changes in the $Foreign_{jt}$ dummy variable between 0 and 1. This variation

7. Since firms seldom change their industry of operation, and some industry changes in the dataset are likely due to coding errors, I determine a firm's industry based on the mode of the industry codes it reported in its balance sheets. As a result, industry dummies are not identifiable under firm-fixed effects.

8. When including worker-specific fixed effects in the model, it is not possible to identify the parameter of the $Female_i$ dummy.

arises in two ways: (i) worker mobility, i.e., workers moving between domestic and foreign firms, and (ii) firm ownership changes, i.e., workers stay at the firm, but a foreign investor takes it over (see Appendix Table B.3 for the number of cases by gender used for identification).

To distinguish between these two forces, as a next step, I re-run Equation (1), but now incorporate job-spell-specific fixed effects into the model instead of firm- and individual-specific fixed effects. Applying a job-spell-specific fixed effect identifies the coefficient solely from incumbent workers at acquired firms who remained with the firm during the ownership change, where the dummy variable $Foreign_{jt}$ changes from 0 to 1. This implies that the parameter estimates of the interaction term (β_2) can be interpreted as the causal effect of foreign ownership on the gender wage gap among incumbent workers.

To examine both mechanisms, i.e., (i) worker mobility, and (ii) firm ownership changes, I build on the work of Hijzen et at. (2013). I compare the wages of men and women who remain at the same firm after a foreign acquisition ("incumbents"). The natural comparison group for them is workers staying with a domestic firm for the same period. As an additional channel, I examine whether there is any gender difference in the wage gain for those who transit from a domestic- to a foreign-owned firm and those who move between domestic-owned firms ("newcomers").

More precisely, I define a worker as an "incumbent" if she worked for the same company for three consecutive years: one year before the acquisition to one year thereafter. As for the control group, workers' years of employment at an always-domestic firm that satisfy the same requirement are added to the sample.

I define a worker as a "newcomer" if she moves between companies and stays with the new company for at least two years . Newcomers transitioning from domestic- to foreign-owned firms are considered the treated group, and those who move between domestic-owned firms are considered the control group.

To construct a counterfactual for the analysis, I follow the work of Hijzen et al. (2013) and apply propensity score matching between treated and control groups separately for incumbents and newcomers (more detail on the matching procedure can be found in Appendix A.3).

On the matched sample, the following pooled cross-section regression model is estimated:

$$\begin{aligned} lnw_{ijot_n} = {} & \beta_1 * Female_i + \beta_2 * Foreign_{ij} * Female_i + \beta_3 * Foreign_j \\ & + \gamma * lnw_{ijt_0} + X_i * \delta' + \alpha_o + [\alpha_j] + \tau_t + \varepsilon_{ijt}, \end{aligned} \tag{2}$$

where lnw_{ijot_n} is the logarithm of the daily wage of worker i working at firm j in occupation o at time t_n, where t_n $(n = 1, 2)$ indicates the year after the (i) ownership change or (ii) transition to the new company.

$Female_i$ is a dummy indicating the gender of worker i. $Foreign_j$ is a dummy indicating that the firm where worker i is employed is under foreign control. Thus, the parameter β_3 shows the wage gain for male workers associated with (i) ownership change in the case of incumbents, and (ii) switching from the domestic to the foreign sector in the case of newcomers. β_2 is the focus of this paper, and it measures the gender difference in this gain.

The model controls for year- and occupation-specific fixed effects (τ_t and α_o), the age and work tenure of the worker, and their square. The last wage before (i) the acquisition takes place for incumbent workers and (ii) moving to a new company for newcomers (lnw_{ijt_0}) is also included in the model. In some specifications, even firm-specific fixed effects (α_j) are controlled for. In this case, the parameter of the $Foreign_j$ dummy is not identifiable, but the parameter of the interaction term can be estimated.

Recent research shows that women enter high-paying firms with a lower probability, and even when they do so, they still earn less than their male coworkers (Boza & Reizer, 2024; Casarico & Lattanzio, 2024; Masso et al., 2022; Palladino et al., 2021). Foreign firms tend to outperform domestic ones in productivity and pay higher wages (Earle et al., 2018). To explore the interconnections between these factors, as a next step, I focus on gender-specific firm premia. Following the work of Abowd et al. (1999), Card et al. (2013), and Palladino et al. (2024), I show how the gender gap in firm-specific premium evolves in foreign and domestic firms throughout the productivity distribution. I estimate an AKM model separately for male and female workers on the sample of dual-connected firms. I normalize firm-specific wage premia by assuming that the least productive firms provide zero firm-specific wage premia to both men and women. In contrast, highly productive firms can give a premium to their workers. I find the kink point by choosing the lowest RMSE across fitted lines. I use this kink point to normalize gender-firm-specific effects. Appendix Figure B.1 shows that this assumption holds: for low-productivity firms, there is no correlation between value added per worker and gender-firm-specific wage premium.

3.2. Results

Table 1 presents the main findings. Even after controlling for age, tenure, skill level, and occupation, women earn approximately 10 percent less than men, and this gender wage gap is twice as large in foreign-owned firms (column 1). This disparity persists even after accounting for the possibility that foreign firms may demand different types of male labor due to their concentration in distinct industries compared to domestic firms (column 2).

In column (3), firm-specific fixed effects are introduced to account for unobserved heterogeneity across firms that may influence gender wage disparities independently of industry affiliation. The gender wage gap within domestic firms remains stable in both magnitude and statistical significance.

Although the difference in the gender wage gap between foreign and domestic firms is reduced by half, it continues to be statistically significant at the one-percent level.

Recognizing the potential for systematic differences between women employed in foreign versus domestic firms, column (4) incorporates worker-specific fixed effects. These control for all time-invariant individual characteristics, therefore, the overall gender wage gap cannot be estimated. However, the ownership difference in the gap can be identified. This difference narrows by roughly one-third, yet remains substantial and statistically significant at the one-percent level. Importantly, the larger gender wage gap observed in foreign-owned firms does not imply that women earn less in absolute terms compared to their counterparts in domestic firms. Rather, it indicates that women receive significantly lower foreign wage premia than men.

In addition, foreign ownership appears to have a persistent effect on firm-level wage structures. Column (1) shows that, after adjusting for skill level, age, tenure, and their squared terms, the average foreign wage premium amounts to 43.5 percent. Notably, two-thirds of this premium disappears following divestment, when foreign ownership is transferred back to domestic hands. Nevertheless, a significant premium of 13.6 percent remains in firms that were once foreign-owned compared to those that have always been domestically-owned. These patterns persist even after accounting for industry composition (column 2). Furthermore, the persistence of the wage premium is evident when controlling for both firm-specific and worker-specific fixed effects (column 4).

Turning to the primary variable of interest, the gender wage gap in re-acquired firms is 3.6 percentage points higher than in firms that remained domestically-owned throughout the observation period. This difference is comparable in magnitude to the gap observed in currently foreign-owned firms once selectivity at the firm and worker level is addressed (columns 3–4). These results suggest that foreign ownership has a long-lasting impact on the internal wage structure of firms.

Table 1. The effect of FDI on the gender wage gap

	(1) daily wage	(2) daily wage	(3) daily wage	(4) daily wage
Foreign	0.435***	0.426***	0.057***	0.044***
	(0.016)	(0.014)	(0.009)	(0.008)
Female	-0.101***	-0.102***	-0.099***	
	(0.005)	(0.005)	(0.002)	
Foreign*Female	-0.107***	-0.110***	-0.058***	-0.041***
	(0.014)	(0.012)	(0.005)	(0.002)
Divestment	0.136***	0.132***	0.017	0.020*
	(0.020)	(0.018)	(0.014)	(0.012)
Divestment*Female	0.006	0.001	-0.029**	-0.036***
	(0.017)	(0.015)	(0.011)	(0.006)
Constant	7.681***	7.719***	7.877***	8.838***
	(0.016)	(0.015)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.501	0.528	0.768	0.923
Year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occup	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: This table shows the foreign-domestic difference in the gender wage gap. In particular, it shows the parameter estimates of Equation (1) in which the dependent variable is the logarithm of daily wage and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with gender. The control variables in column (1) are year- and occupation-specific fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), the list of control variables is extended with 1-digit industry category dummies. In column (3), I include firm-specific fixed effects in the model. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

The 4 percentage points difference in the gender wage gap between domestic and foreign firms is a weighted average of two effects: (i) the effect of ownership changes on the gender wage gap among incumbent workers who stay with the firm around the event of the acquisition, and (ii) the gender difference in the wage premium of moving to a foreign-owned firm. After an acquisition, the foreign owner generally has limited flexibility in adjusting the wages of incumbent employees. Specifically, wages are downwardly rigid, and employees are often somewhat aware of each other's salaries. In contrast, foreign owners have more freedom to set wages for new hires. As a result, a wider wage dispersion is anticipated among new hires, leading to a larger gender wage gap than among incumbent workers. The hypothesis based on this reasoning

suggests that the gender wage gap will be more significant among new employees joining a foreign firm.

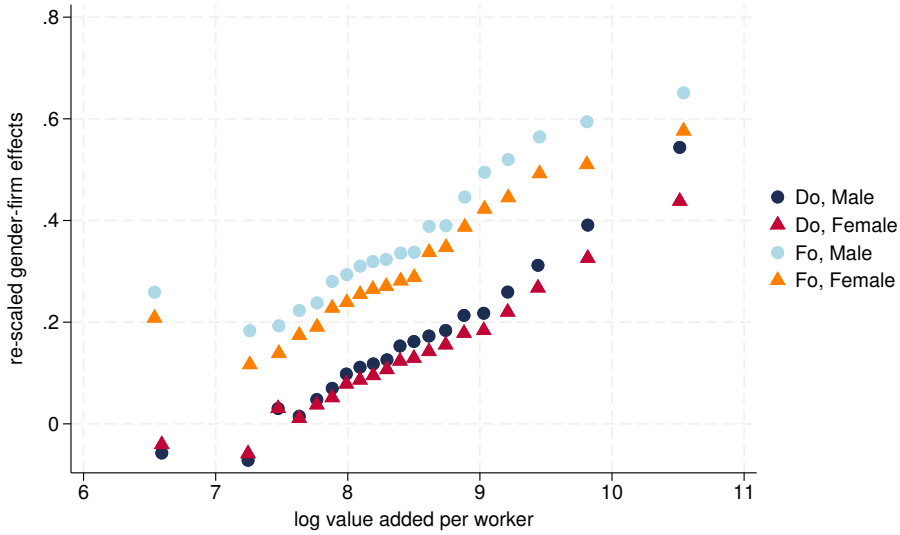
To test this hypothesis, as a next step, I re-run Equation (1), but now incorporate job-spell-specific fixed effects into the model instead of firm- and individual-specific fixed effects. The results are presented in column (1) of Appendix Table B.4. Applying a job-spell-specific fixed effect identifies the coefficient solely from incumbent workers at acquired firms, implying that the estimated parameter can be interpreted as the causal effect of foreign ownership on the gender wage gap among incumbent workers. It shows that foreign acquisition increases the gender wage gap among workers who stayed with the firm after the takeover by 1.7 percentage points. When examining the gender wage gap in domestic versus foreign firms, the literature focuses specifically on the change in wages for workers who remain with a firm after it undergoes a foreign acquisition (Luomaranta et al., 2020; Stolzenburg et al., 2020). However, an equally important factor is the evolution of the gender wage gap among workers who switch from the domestic sector to the foreign sector.

Columns (2)-(5) of Appendix Table B.4 show the effect of foreign acquisition on the gender wage gap among incumbent workers in the matched sample by estimating Equation (2). The gender wage gap increases by 1.7 percentage points after the acquisition (column (2) and (4)). The magnitude of the parameter estimates is the same as in the case of the full sample using job-spell-specific fixed effects (column (1)), and it is significant at the 5 percent significance level. If I add firm-specific fixed effects to the model, the gap shrinks and becomes insignificant (column (3) and (5)). The gender wage gap difference between foreign and domestic firms is much larger when we look at newcomers (see columns (6)-(9) of Appendix Table B.4). The gender wage gap is about 9 percentage points larger at foreign firms than at their domestic counterparts in the case of OLS estimates, and the gap is still about 3 percentage points larger when the model incorporates firm-specific fixed effects.

To summarize, greater flexibility in wage-setting is expected among new hires, and it is associated with a larger gender wage gap. To explore the relationship between flexibility in wage-setting and the within-firm gender wage gap more directly, I use the standard deviation of male workers' wages in a given firm in a given year as a proxy for flexibility in wage-setting. I re-estimate Equation (1) controlling for this proxy and include an interaction term with the female dummy variable. This analysis is restricted to firms with at least two male employees. Appendix Table B.5 presents the results. Panel A replicates Table 1 using the subsample of firms meeting this criterion. The findings remain robust, with even the point estimates remaining largely unchanged. Panel B introduces controls for the standard deviation of male wages and its interaction with the female dummy. Under this model, the observed difference in the gender wage gap between domestic and foreign firms is reduced by half. This result supports the argument that greater flexibility in wage-setting exacerbates the gender wage gap.

Figure 1 examines gender-specific firm wage premia across ownership types. Among domestically-owned firms, the firm-specific premium increases with productivity, and the gender gap in this premium widens similarly. At low levels of productivity, men and women receive comparable firm-specific premia, but a clear divergence emerges as productivity rises, as illustrated by the dark blue and red markers in the figure. By contrast, foreign-owned firms exhibit a gender gap in firm-specific premia even at the bottom of the productivity distribution, with this gap persisting across the entire range. Notably, foreign firms tend to share a larger portion of firm-level rents with their employees overall, yet women consistently receive a smaller share relative to men. These findings challenge the hypothesis that the larger gender wage gap observed in foreign firms is solely attributable to higher productivity and greater rent-sharing, from which women may benefit less. Instead, the evidence suggests that foreign ownership is associated with a gender-based inequality in firm-specific premium regardless of productivity level.

FIGURE 1. Log value added per worker and gender-firm-specific fixed effect separately for foreign- and domestic-owned firms



Note: This figure shows the gender-firm-specific wage premium (i.e., gender-firm-specific fixed effects) for domestic and foreign firms. An AKM model was estimated separately for male and female workers using the sample of dual-connected firms. Firm-specific wage premia were normalized by assuming that the least productive firms offer zero wage premia to both men and women, while highly productive firms may provide wage premia to their employees. The kink point was determined by selecting the fitted line with the lowest RMSE and using this point to normalize gender-firm-specific effects.

3.3. Robustness

Additional controls. In the primary regression, I control for the fact that average wages in the economy fluctuate across years. However, it is important to note that these wage variations may differ by gender (e.g., the gender wage gap could narrow in the economy in general). Additionally, foreign investment may disproportionately increase the demand for male workers in the local labor market, leading to higher wages for this group. I include gender-year and county-year fixed effects in the model to account for such spillover effects. Industry-year fixed effects are also incorporated into the model to capture industry-specific trends. Finally, I combine all these fixed effects into a comprehensive model and include county-, industry-, and female-year-specific fixed effects in Equation (1) to ensure robustness. The results are robust to these extensions (see Appendix Table C.1-C.4).

Firm-level characteristics. Foreign-owned firms are typically larger in terms of both employment and sales revenue, and they are more likely to engage in export activities compared to domestic firms. They may also operate in different sectors of the economy. According to the literature, such firm-level characteristics are associated with gender wage gaps. For instance, Jones and Kaya (2023) and Kritikos et al. (2024) demonstrate that firm size significantly influences the gender wage gap. Additionally, Bøler et al. (2018) find that the gender wage gap is more pronounced in exporting firms than in non-exporting ones. Kritikos et al. (2024) further show that the gender of a firm's owner affects the gender wage gap differently across sectors.

Therefore, the observed result—that the gender wage gap is larger in foreign-owned firms than in domestic ones—may not necessarily stem from ownership structure per se, but rather from other firm-level attributes. While the main regression accounts for these differences through firm-level fixed effects, this chapter presents additional evidence suggesting that ownership structure plays a role in gender wage inequality in addition to the influence of observable firm characteristics.

To address this question, I first re-estimate the model by controlling for time-varying firm characteristics such as the logarithm of sales revenue, the logarithm of employee numbers, and an indicator for engagement in export activities. The parameter estimates are comparable in magnitude and remain significant even after this modification to Equation (1) (see Appendix Table C.10). Second, I group firms by size, export activity, and primary sector, and demonstrate that the results remain robust within these subgroups (see Appendix Table C.11-C.13).

Part-time workers. In the main part of the analysis, I restricted the sample to full-time workers only (those working more than 36 hours per week). In this part, I replicate the main analysis, but now I include part-time workers in the regression as well. I re-estimate Equation (1), but now the dependent variable

is the daily wage corrected for working hours. All else remains the same. The results are robust to this change (see Appendix Table C.18).

4. Employment Effect

4.1. Estimation strategy

To examine whether foreign ownership matters for the gender composition of the firm, I aggregate the dataset to the firm level and estimate the following regression:

$$Y_{jt} = \beta_1 * Foreign_{jt} + \beta_2 * Divestmet_{jt} + X'_{jt}\gamma + \tau_t + [\alpha_s] + \alpha_j] + \varepsilon_{jt},, \quad (3)$$

where Y_{jt} is the share of female workers in firm j at time t. $Foreign_{jt}$ is a dummy variable that takes the value of one if the firm was controlled by foreign owners in year t. A statistically significant coefficient on the $Foreign$ dummy (β_1) captures the difference in gender composition between domestic- and foreign-owned firms, assuming that all other relevant differences are controlled for. As in the gender wage gap estimates, the parameter estimates on β_1 would be biased in this simple model as well, as foreign-owned firms tend to cherry-pick the best domestic-owned firms with the best-quality workers, and the selection of female and male workers to these firms can be different. To overcome this issue, the model is extended, first, with industry-specific fixed effects (α_s) and, second, with firm-specific fixed effects (α_j).[9] By doing so, first, the model takes into account that foreign and domestic firms might operate in different industries, and the relative demand for female workers can be different due to this. This estimation strategy is using across-firm variation for identification. Second, by adding firm fixed effects (α_j) to the model, within-firm changes are used for identification, and systematic differences between domestic and foreign firms are controlled for. It should be emphasized that this strategy, comparing the workforce composition of a firm before and after an acquisition, narrows the focus solely on acquired firms. However, in the wage analysis, worker transitions between foreign and domestic firms and acquisition were also in the focus simultaneously.

The model allows the firm to have a different gender composition in the post-divestment period than in the pre-acquisition period or during foreign ownership by including a dummy for post-divestment periods ($Divestment_{jt}$).

Standard errors are clustered at firm level.

9. Since firms seldom change their industry of operation, and some industry changes in the dataset are likely due to coding errors, a firm's industry is determined based on the mode of the industry codes it reported in its balance sheets. As a result, industry dummies are not identifiable under firm-fixed effects.

4.2. Results

Table 2 shows the results. According to the raw estimates, the share of female workers is 7 percentage points higher at foreign firms than at domestic firms (column (1)). This gap shrinks as I start to control for selectivity and disappears when the model uses only within-firm variation for identification (column (3)).

Firms that were foreign-owned at some point, but reverted to domestic ownership have an almost 5 percentage points higher share of female workers (as indicated by the divestment dummy in the estimation) than those that remained domestically-owned throughout the observed period (column (1)). However, this difference is smaller than the gap observed between purely domestic and foreign-owned firms and also disappears when the model uses within-firm variation for identification (see column (3) of Table 2).

To sum up, although foreign firms employ more female workers than domestic ones, foreign acquisition does not affect the gender composition of the workforce. This is in line with the findings of the literature showing no or little changes in employment composition around the event of foreign acquisition (Crinò, 2009; Earle et al., 2018; Pető & Reizer, 2024).

Table 2. The effect of FDI on the gender composition of the workforce

VARIABLES	(1)	(2)	(3)
	Share of female workers		
Foreign	0.071***	0.052***	0.003
	(0.003)	(0.003)	(0.004)
Divestment	0.047***	0.021***	-0.000
	(0.006)	(0.006)	(0.006)
Constant	0.356***	0.359***	0.366***
	(0.001)	(0.001)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.005	0.161	0.782
Year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes

Note: This table shows the foreign-domestic difference in the gender composition of the firm. In particular, it shows the parameter estimates of Equation (3) in which the dependent variable is the share of female workers in firm j at time t. The main variable of interest is the foreign ownership dummy. I include a dummy indicating post-divestment years. The control variables in column (1) are year fixed effects. In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

4.3. Robustness

Foreign and domestic firms use different technologies and therefore have different relative skill and task demands (Pető & Reizer, 2024). As female and male workers have different skill sets and perform differing tasks at their workplace (Pető & Reizer, 2021), the relative demand for female workers of foreign and domestic firms may be discrepant. These technological variations may also be part of the mechanisms examined in this paper, so the main model intentionally does not fully exclude this channel. These differences are also partially captured by including industry-specific and firm-specific fixed effects in the main model, which remain constant over time. In this section, I show that the results do not change when I control for the task composition used in the firms' production, proxied by the age, skill level, and occupational composition of the firm's workers. The share of female workers is larger at foreign-owned firms by 6-7 percent than at domestic ones and the difference is significant at the one-percent level, but disappears when I use within-firm variation for identification (see the table in Appendix C.5).

As mentioned in the previous section, industry-wide and local labor market-wide spillover effects can alter the results. While industry- and firm-specific fixed effects address some of these issues, they do not capture changes over time. To tackle these complexities, I enhance the baseline model with county- and industry-year-specific fixed effects. The results are robust to this extension (the detailed results are presented in Appendix Table C.6-C.9).

As before, I disentangle the effect of the ownership structure of the firm from the effect of other characteristics of the firm that might correlate with workforce composition and ownership structure. First, I include in the model time-varying firm-level characteristics such as the logarithm of the number of employees and the sales revenue, a dummy variable indicating the export activity status of the firm, and also take into account differences in workforce characteristics. The results are robust to this extension (see Appendix Table C.14). Second, I categorize firms based on size, export activity, and the industry in which they operate in Appendix Table C.15-C.17. The results hold when comparing firms having similar export engagements or operating within the same industry (see Appendix Table C.16-C.17). The pattern that the share of female workers is higher in foreign than domestic firms is only observed among small firms. However, even within small firms, there is no compositional change around the acquisition event. The share of female workers, on the contrary, decreases as we look at larger firms and use within-firm variation for identification (see Appendix Table C.15).

Last but not least, I show that the results are robust to including part-time workers in the regression. Appendix Table C.19 replicates Table 2 with part-time workers included.

5. Cultural Transmission

Foreign investors can bring capital, knowledge, and technology from their home countries, contributing to cultural transmission. In this part, I investigate whether investments from countries with better economic opportunities for women lead to more gender-equal employment practices in the recipient country. Exploring this aspect can shed light on the mechanisms driving the within-firm gender wage gap and broaden our understanding of cultural transmission through capital flows.

5.1. Estimation strategy

I leverage the diversity of foreign investors in the domestic market, who come from countries with varying cultural backgrounds. I re-run a slightly modified Equation (1) and (3):

$$\begin{aligned} lnw_{iojt} = \beta_1 * Female_i + \sum_{n=1}^{3} \beta_{2n} * Female_i * Foreign_{njt} + \sum_{n=1}^{3} \beta_{3n} * Foreign_{njt} \\ + \sum_{n=1}^{3} \beta_{4n} * Divestment_{njt} + \sum_{n=1}^{3} \beta_{5n} * Female_i * Divestment_{njt} + X'_{it}\gamma \\ + \alpha_o + \tau_t + \alpha_j + \alpha_i + \varepsilon_{ijt},, \end{aligned} \tag{4}$$

where lnw_{iojt} is the logarithm of the daily wage of worker i working in occupation o at firm j in year t. $Female_i$ is a dummy for being female.

Now, instead of a single $Foreign_{njt}$ dummy, there are three ($n = 1, 2, 3$) in the regression. $Foreign_{1jt}$ indicates that the firm is under foreign ownership and the investor is from a country with good economic opportunities for women. $Foreign_{2jt}$ shows that the firm is under foreign ownership, with an investor from a country with limited economic opportunities for women. $Foreign_{3jt}$ indicates that the firm is under foreign ownership, but lacks further information. The main coefficients of interest, i.e., the coefficients of the interaction term of $Foreign_{njt}$ and $Female_i$ dummies show whether the gender wage gap differs between domestic firms and the given type of foreign firms. Similarly, three divestment dummies ($Divestment_{njt}$) are included in the regression. Section 2.3 provides more details on these categorizations. The control variables are the same as in the main estimation. I control for year-, occupation-, worker-, and firm-specific fixed effects in the model (τ_t, α_o, α_i and α_j, respectively) as well as for time-varying worker characteristics (X_{it}) such as age and its square, and tenure and its square. Standard errors are clustered at firm level.

To examine whether foreign ownership matters for the gender composition of the firm, I aggregate the dataset to the firm level and estimate the following regression:

$$Y_{jt} = \sum_{n=1}^{3} \beta_{1n} * Foreign_{njt} + \sum_{n=1}^{3} \beta_{2n} * Divestmet_{njt} + X'_{jt}\gamma + \tau_t + [\alpha_s] + [\alpha_j] + \varepsilon_{jt},, \tag{5}$$

where Y_{jt} is the share of female workers in firm j at time t. As in the wage equation above, instead of a single *Foreign* and *Divestment* dummy, the model includes three, distinguishing between firms having their parent company in a country of good or bad economic opportunity for women. The definition is the same as before. A statistically significant coefficient on the foreign dummies (β_{1n}) captures the difference in gender composition between domestic firms and the given type of foreign firms, assuming that all other relevant differences are controlled for. The control variables are the same as in Equation (3), i.e., industry- and firm-specific fixed effects (α_s and α_j, respectively). Standard errors are clustered at firm level.

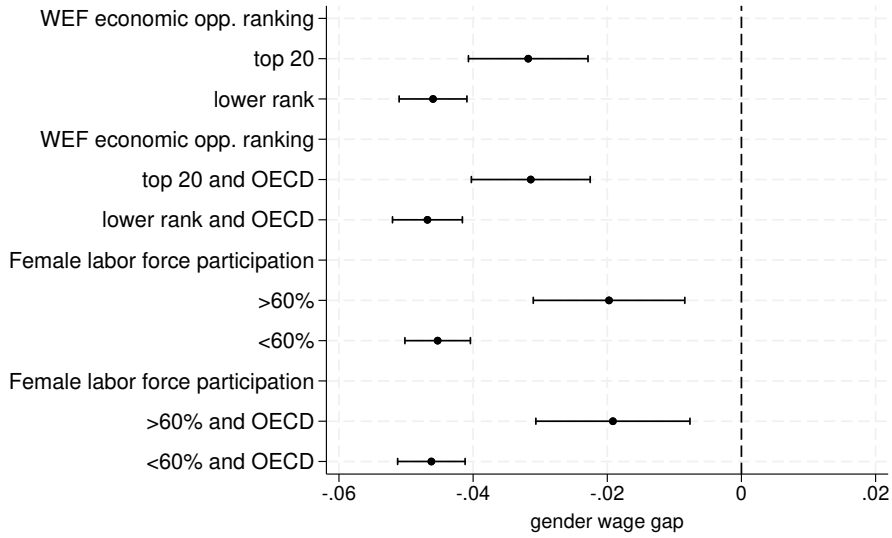
5.2. Results

Figure 2 shows the results for the worker-level regression. In the figure, the x-axis represents the gender wage gap in foreign firms relative to domestic firms. The vertical line at 0 indicates no difference in gender wage inequality between the two. Values to the left of this line suggest a larger gender wage gap at foreign firms. The figure displays the estimated parameters of the interaction term ($Foreign_{njt} * Female_i$) across four regression models, each using a different definition for classifying foreign firms into subgroups.

In the top panel, firms are grouped based on the WEF Economic Opportunity Ranking Index. The results indicate that when a foreign firm's parent company is from a country where women's economic position is weaker, the gender wage gap is nearly 5 percentage points larger than in domestic firms. This disparity persists even after accounting for individual- and firm-specific fixed effects. Conversely, in foreign firms whose parent company is based in a country of better economic opportunity for women, the gender wage gap is smaller but still about 3 percentage points larger than in domestic firms.

These patterns remain consistent when using alternative classification criteria for foreign firms or focusing solely on OECD member states (see the different panels of Figure 2).

FIGURE 2. Cultural heterogeneity in the gender wage gap



Note: This figure shows the difference in the gender wage gap by the country of origin of FDI. In particular, it shows the parameter estimates of the $Foreign_{njt} * Female_i$ interaction term in Equation (4) across four regression models using the foreign firm categorization described in Section A.2. The x-axis represents the gender wage gap in foreign firms relative to domestic firms. The vertical line at 0 indicates no difference in gender wage gap between the two. The control variables are age and its square, tenure and its square, year-, occupation-, worker-, and firm-specific fixed effects. Standard errors are clustered at firm level. The bars show 95% confidence intervals.

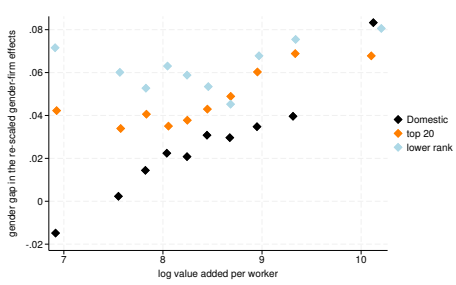
To examine the heterogeneity in the gender gap in firm-specific premium, Figure 3 mimics the previous Figure 1, but with three important differences. First, previously, I treated foreign firms as a homogeneous group. However, in this figure, I categorize them based on the gender norms prevalent in the parent company's society. The four panels of Figure 3 show the same results but use different definitions to categorize foreign firms based on the cultural norm in the home country of their parent company. Dark blue dots correspond to domestic firms, while orange (light blue) dots correspond to foreign firms having their parent company in countries offering good (weak) economic opportunities.

Second, instead of separately presenting male- and female-firm-specific fixed effects, I now highlight the difference between these effects on the y-axis of the figures for greater clarity. A third difference is that, due to the small number of observations, firms are now divided for the plot into deciles based on productivity, as shown on the x-axis of the figures.

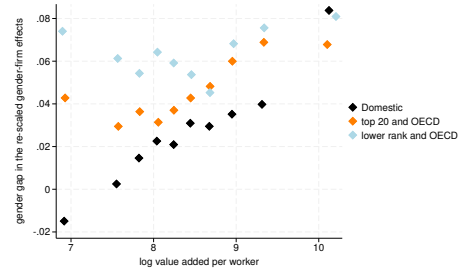
The analysis confirms that more productive firms exhibit a larger gender gap in the firm-specific premium. Importantly, there is a gender gap in received premia at foreign firms, even at low-productivity firms, and the gap increases with the productivity level. This finding again confirms that the larger gender

wage gap in foreign firms is not solely due to their higher average productivity, allowing for greater rent-sharing from which women benefit less. The gender gap in the received premium is the largest in foreign firms having their parent company in a country of weak economic opportunity for women (light blue). The gap is the smallest in domestic firms (dark blue). Foreign companies with their parent company in a country of good economic opportunity for women are in the middle (orange). This pattern confirms the hypothesis that multinational firms play a crucial role in transferring cultural norms. The observed patterns are robust to using alternative definitions for categorizing foreign firms based on the cultural norm at their home country (see Figure 3a and 3c) and to focusing on OECD member countries only (see Figure 3b and 3d).

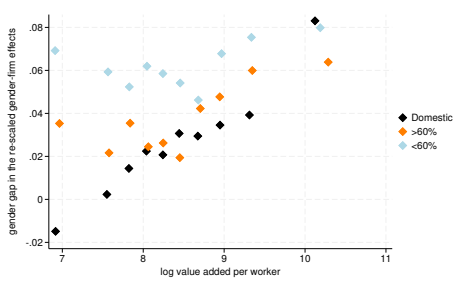
FIGURE 3. Cultural heterogeneity in the gender gap in firm-specific wage premium



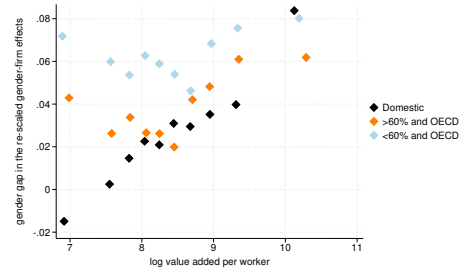
(A) WEF econ. ranking



(B) WEF econ. ranking among OECD members



(C) Female labor force part.



(D) Female labor force part. among OECD members

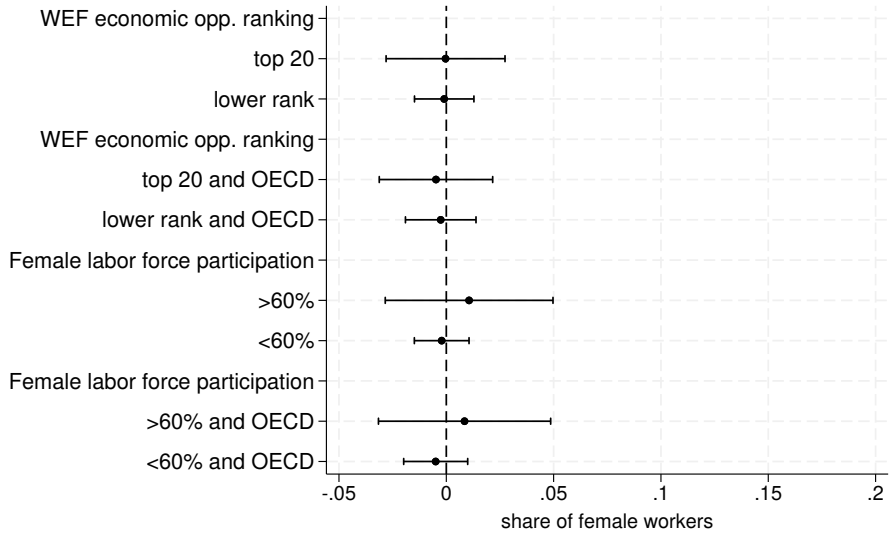
Note: This figure shows the gender-firm-specific wage premium (i.e., gender-firm-specific fixed effects) for domestic and foreign firms by the country of origin of FDI. An AKM model was estimated separately for male and female workers using the sample of dual-connected firms. Firm-specific wage premia were normalized by assuming that the least productive firms offer zero wage premia to both men and women, while highly productive firms may provide wage premia to their employees. The kink point was determined by selecting the fitted line with the lowest RMSE and using this point to normalize gender-firm-specific effects. The foreign firm categorization used on this figure is described in Section A.2.

Figure 4 presents the results on workforce gender composition. The x-axis represents the difference in gender composition between domestic and foreign firms. The y-axis indicates the results using different definitions for classifying foreign firms.

In the top panel, firms are categorized using the WEF Economic Opportunity Ranking Index. Foreign firms show no significant difference in gender composition compared to domestic firms when within-firm variation is used for identification, which is consistent with the findings in Section 4. More specifically, the gender composition at foreign firms remains unchanged regardless of whether their parent company is based in a country with strong or weak economic opportunities for women. This result holds even when foreign firms are classified differently or when the analysis is limited to OECD countries.

Appendix Figure B.2 further supports our previous findings: when across-firm comparison is used for identification, foreign firms employ a higher share of female workers than domestic firms within the same industry. However, the gender composition at foreign firms remains unaffected by whether their parent company originates from a country offering good or weak economic opportunities for women. This result is consistent across different classification methods and when focusing on OECD countries. The only exception occurs when firms are grouped based on women's labor market participation. In this case, firms with parent companies from countries where women have a stronger economic position tend to employ a higher share of female workers. However, this cultural effect disappears when identification is based on within-firm variation (Figure 4).

FIGURE 4. Cultural heterogeneity in the gender composition of the workforce



Note: This figure shows the difference in the gender composition of firms by the country of origin of FDI. In particular, it shows the results of the estimation of Equation (3) using the foreign firm categorization described in Section A.2. The dependent variable is the share of female workers in firm j at time t, and the variable of interest is the $Foreign_{njt}$ dummy. The x-axis represents the share of female workers in foreign firms relative to domestic firms. The vertical line at 0 indicates no difference in gender composition between the two. Year- and firm-specific fixed effects are included. Standard errors are clustered at firm level. The bars show 95% confidence intervals.

5.3. Robustness

In this section, I follow the robustness estimation strategies described in Section 3.3, where I emphasize the importance of accounting for wage fluctuations across years, local labor markets, and industries. I include gender-year, county-year, and industry-year fixed effects in Equation (4) and Equation (5). A more comprehensive specification further integrates county- and industry-year-specific fixed effects into a single model. The results are robust to these changes (see Appendix Figure C.1 and C.2).

As described in Section 3.3, foreign firms tend to be larger and more export-oriented, and these characteristics are also associated with gender wage disparities. To account for this and to isolate the impact of ownership, I further include time-varying firm attributes in the model. The results are robust to these changes as well (see Appendix Figure C.4). Lastly, I extend the analysis to include part-time workers and re-estimate the composition equation and also the wage equation by using daily wages adjusted for working hours as a dependent variable. The results hold after these changes (see Appendix Figure C.5). The results relating to the gender composition of firms are robust

to further controlling for differences in other aspects of the workforce, such as occupation and skill (see Appendix Figure C.3).

6. Discussion

Wage negotiation. It is commonly believed that women are less inclined to negotiate for higher wages, a tendency that may contribute to a workplace advantage for men and wider gender wage disparities. Experiments support this notion, indicating that women tend to shy away from situations that require negotiation or bargaining (Biasi & Sarsons, 2022). Recent real-world studies confirm these findings. For instance, based on survey data, research by Biasi and Sarsons (2022) reveals that women are 12 to 23 percent less likely than men to have negotiated their salaries and 13 percent less likely to expect to do so in the future. Roussille (2024) investigates the impact of the "ask" gap on the gender wage gap using data from an online recruitment platform. The "ask" gap refers to the tendency of women to request lower salaries than their male counterparts. After adjusting for résumé characteristics, Roussille (2024) finds that the gender "ask" gap is 2.9 percent, while the difference in final offers between genders is 1.4 percent. They also show that the disparity in initial salary requests fully accounts for the remaining gender differences in final salaries. Additionally, Kiessling et al. (2024) emphasize that women's lower wage expectations contribute to their hesitancy in salary negotiations, resulting in lower starting offers. This finding suggests that women may be less assertive in wage negotiations.

Foreign firms share higher premia with their male employees, creating more room for wage negotiations (Figure 1). In a wage negotiation, the cultural backlash of the negotiating parties can influence the outcome, resulting in a larger gender wage gap in cases where one negotiating party is from a less gender-equal society. This is confirmed by the pattern observed in Figure 2.

This idea is further reinforced by the fact that according to Appendix Table B.4, in cases where wage bargaining is expected to play a larger role in realized wages, the gender pay gap is also larger. In the context of this study, there are two types of wage bargaining: (i) incumbent workers may negotiate for higher wages around the acquisition event, and (ii) new entrants to the foreign firm may negotiate with their prospective employers about their future wages. Presumably, after a foreign takeover, employees may benefit from wage increases with a lesser need for aggressive negotiation tactics. As mentioned earlier, in this case, there is less room for wage adjustment from the employer side as well due to insider information and wage rigidity. By contrast, more assertiveness may be required when negotiating wages before joining a new company. The gender wage gap is larger among new hires than among incumbent workers (see Appendix Table B.4). This argument is further reinforced by the previously observed pattern that the difference in the gender

wage gap between domestic and foreign firms is reduced by half when I control for wage-setting flexibility, proxied by the standard deviation of male workers' wages (see Appendix Table B.5).

In summary, gender differences in wage negotiation skills are a potential mechanism driving the results. The finding that the gender wage gap is larger among newcomers than among stayers and among foreign companies originating in a more gender-unequal society is in line with the hypothesis on wage negotiation. Securing a wage increase during a general salary increase within a company, also in relation to an acquisition, is likely to require less aggressive negotiation tactics, resulting in a smaller gender wage gap. The need for greater assertiveness might be more pronounced in wage negotiations before joining a new company, increasing the gender wage gap more significantly.

Change in worker productivity. The findings also align with the potential explanation that the relative productivity of women and men differs in foreign firms, leading to a corresponding wage disparity compared to domestic firms. However, under this hypothesis, one would expect the wage structure within the firm to adjust during the acquisition process. Such adjustments, however, may be constrained by wage rigidities, preventing full realization of these changes. A more flexible wage-setting also means that individual-specific characteristics, such as negotiation skills, and productivity are more likely to be reflected in the wages. However, this alternative hypothesis also suggests that there is a difference in relative productivity between men and women based on the country of origin of the foreign investor, as we observed a differential gender wage gap based on the culture of the country of origin (see Figure 2).

Discrimination. The results are also consistent with the hypothesis that (statistical) discrimination against women is more pronounced in foreign firms. While this hypothesis suggests that the firm's wage structure would shift during the acquisition process to reflect such differences, these adjustments are similarly hindered by wage rigidities, limiting their implementation.

6.1. Alternative mechanisms

Importance of commitment. Commitment and work time flexibility might be more important for foreign firms, while it is more difficult for women to commit to work due to their role in their family. Vahter and Masso (2019) show that the difference in the gender wage gap between domestic and foreign firms is the largest among managers. The authors argue that the larger gender wage gap among managers in foreign versus domestic firms suggests that commitment plays a more significant role in foreign firms, which in turn contributes to gender wage disparity. Since wage bargaining is more prevalent at the managerial level, their findings are consistent with the narrative that differences in negotiation dynamics help explain the observed gender wage gap.

Bøler et al. (2018) argue that firms entering the foreign market may require employees to work particular hours to communicate with partners in different

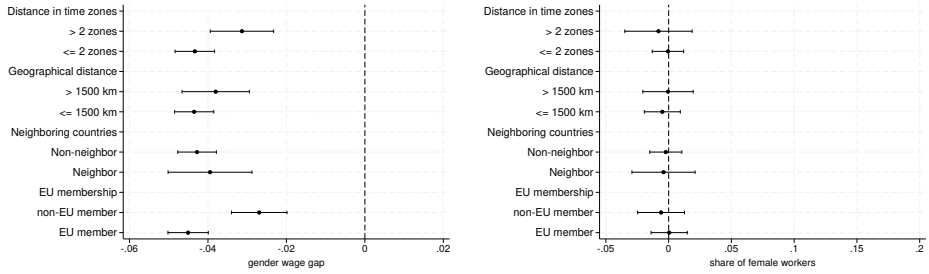
time zones or to travel abroad. If women are (considered to be) less flexible, the gender wage gap can be more pronounced in internationalized firms. In their paper, Bøler et al. (2018) demonstrate that entering the export market increases the gender wage gap by about 3 percent. This gap widens further as the time zone difference between the source and destination countries increases and the need for interactions with foreign buyers grows.

Building on their work, I examine whether the gender wage gap increases with the distance between Hungary and the parent company's location. I categorize foreign firms based on the distance of the source country from Hungary, utilizing several distance measures from the CEPII gravity database (Conte et al., 2022). I use four different definitions to classify source countries by geographic distance. First, I consider countries "close" if the distance between their capitals and Budapest is less than 1,500 km. Second, I regard countries bordering Hungary as nearby, with all others classified as distant. Third, I account for time zone differences, considering countries no more than two time zones away from Hungary as close. The time zone difference complicates both personal and online communication, as overlapping working hours are limited. Finally, I classify countries within the European Union as nearby and those outside the EU as distant, regardless of physical distance. This definition also considers cultural, legal, and regulatory differences, with EU membership facilitating cheaper and easier travel, even for short trips, and simplifying administrative processes. Using this classification, I define three types of foreign firms. A firm is categorized as originating from a close country if at least one of its investors is from such a country. If no investors are from close countries, the firm is classified as originating from a distant country. Firms from countries with missing information are grouped as "other foreign firms." This classification is determined by the firm's first year of foreign ownership and remains unchanged over time. More details on the country of origin and firm's classification based on that information are provided in Appendix Section A.1-A.2.

I re-run a slightly modified Equation (1) and 3, replacing the single *Foreign* dummy with three dummies indicating that the firm is under foreign ownership and (i) the source country is close to Hungary, (ii) the source country is far from Hungary, (iii) distance-related information is missing. I apply the aforementioned definitions in separate regressions to divide firms into "close" and "far" groups. Figure 5 shows the results. There is no systematic heterogeneity within the foreign sector in the gender wage gap or the gender composition of the workforce. Nevertheless, the gender wage gap seems to be larger at firms originating from countries closer to Hungary, which contradicts the findings of Bøler et al. (2018). However, the difference between firms having their parent company closer and further away is small and insignificant, except for the categorization based on European Union membership.

These findings do not support the hypothesis that the observed differences in outcomes for female workers between foreign and domestic firms are driven by a greater emphasis on work commitment in the foreign sector. With the

FIGURE 5. Heterogeneity in the gender wage gap and gender composition of the firm by distance between the source country of FDI and Hungary



(A) Gender wage gap (B) Gender composition

Note: Figure 5a shows the difference in the gender wage gap by the country of origin of FDI. In particular, it shows the parameter estimates of the $Foreign_{njt} * Female_i$ interaction term in Equation (4) across four regression models using the foreign firm categorization described in Section A.2. The x-axis represents the gender wage gap in foreign firms relative to domestic firms. The vertical line at 0 indicates no difference in gender wage gap between the two. The control variables are age and its square, tenure and its square, year-, occupation-, worker-, and firm-specific fixed effects. Figure 5b shows the difference in the gender composition of the firm by the country of origin of FDI. In particular, it shows the results of the estimation of Equation (3) using the foreign firm categorization described in Section A.2. The dependent variable is the share of female workers in firm j at time t, and the variable of interest is the $Foreign_{njt}$ dummy. The x-axis represents the share of female workers in foreign firms relative to domestic firms. The vertical line at 0 indicates no difference in gender composition between the two. Year- and firm-specific fixed effects are included. Standard errors are clustered at firm level. The bars show 95% confidence intervals.

available data, I can test only a specific aspect of firm-employee engagement, which assumes that overcoming physical, working time, or legal/administrative distances demands higher levels of commitment from employees, such as travel obligations or out-of-hours meetings. However, it is also possible that foreign companies require a form of commitment that, while more challenging for women, is not directly related to geographical distance between the parent company and its subsidiaries but rather to other aspects of ownership.

Female managers. The gender composition of a firm's management can influence both the gender composition of its workforce and the degree of gender wage inequality through various channels. When women are present among decision-makers, women's interests are more likely to be represented in key decisions affecting the firm. This could reduce gender discrimination and promote pro-women policies, such as the wider acceptance of flexible working arrangements (Theodoropoulos et al., 2022). Additionally, the bargaining power of women in wage negotiations may be enhanced (Theodoropoulos et al., 2022). In line with these expectations, existing literature shows that the gender wage gap is narrower in firms with female managers (Cohen & Huffman, 2007;

Theodoropoulos et al., 2022; Zimmermann, 2022b). Building on this idea, one possible explanation for the paper's findings is that domestic firms tend to have more female managers, which could contribute to a smaller gender wage gap in these firms. To test this hypothesis, I re-estimate Equation (3), but now the left-hand-side variable is a dummy indicating that the firm has at least one female manager in the given year. I estimate the regression on the subsample of firm-year observations for which I observe at least one manager of the firm. Everything else remains the same as before.

The data shows that 33 percent of all manager-year observations involve female managers. Among those who held a managerial position at any point during the sampling period, only 36.6 percent were women. Foreign firms are 13 percent more likely to have at least one female manager than domestic firms according to the estimates in column 1 of Table 3. This disparity slightly decreases when the model accounts for industry-specific fixed effects, but remains over 10 percent. When applying the most stringent analysis, which uses within-firm variation for identification, the gap in the likelihood of having a female manager narrows by three quarters. Specifically, the probability of having at least one female manager rises by 3 percent following a foreign takeover.

Contrary to expectations, foreign firms are more likely to have at least one woman in a managerial position. This remains true even when using within-firm variation for identification. In fact, a foreign acquisition increases the probability of women holding managerial positions in the firm, ceteris paribus. However, this finding contradicts the hypothesis that the differences in managerial composition between foreign and domestic firms explain the larger gender wage gap observed in foreign firms.

Table 3. The effect of FDI on the presence of a female manager

VARIABLES	(1)	(2)	(3)
Foreign	0.128***	0.115***	0.028**
	(0.006)	(0.006)	(0.012)
Divestment	0.044***	0.030**	0.019
	(0.012)	(0.012)	(0.015)
Constant	0.375***	0.378***	0.392***
	(0.003)	(0.003)	(0.002)
Observations	291,742	291,742	291,742
R-squared	0.009	0.040	0.771
Year	Yes	Yes	Yes
Industry	No	Yes	Yes
Firm FE	No	No	Yes

Note: This table shows the foreign-domestic difference in the presence of a female manager. In particular, it shows the parameter estimates of Equation (3), but now the left-hand-side variable is a dummy indicating that the firm has at least one female manager in the given year. The model was estimated on the subsample of firm-year observations for which at least one manager is observed. Everything else remains the same as before. The dependent variable of interest shows whether the firm is under foreign ownership. The control variables in column (1) are year fixed effects. In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

7. Conclusion

This study contributes to the growing literature on the gender wage gap by investigating the role of foreign ownership in shaping gender-based wage disparities within firms. As foreign investment continues to expand and global labor markets become increasingly integrated, understanding the implications of firm ownership for gender wage inequality remains a crucial task for policymakers.

Using Hungarian linked employer-employee panel data, the analysis provides robust evidence that the within-firm gender wage gap is more pronounced in foreign-owned firms than in their domestic counterparts. This disparity persists even after accounting for worker- and firm-level selection.

Further analysis highlights the role of wage-setting flexibility in exacerbating gender disparities within foreign firms. Two key observations support this conclusion. First, the foreign-domestic gap in the gender wage gap is larger among workers whose employers have greater flexibility in determining wages. For new entrants to a firm—where employers face fewer constraints from wage rigidity and workers' inside information—the gender wage gap is larger in foreign-owned firms. Second, within-firm variation in male wages, used as a

proxy for wage-setting flexibility, explains a significant portion of the foreign-domestic gap in gender wage inequality.

Moreover, the findings reveal that foreign firms systematically allocate a lower share of firm-specific wage premia to women than to men. The relationship between firm productivity and the gender gap in firm-specific premia differs by ownership structure. At domestic firms, the firm-specific premium increases with productivity, and so does the gender gap in this premium, with no observable gender gap at low-productivity firms. In contrast, foreign-owned firms exhibit a gender gap in the firm-specific premium even at the lower end of the productivity distribution. This suggests that wage disparities between foreign and domestic firms are not solely driven by differences in productivity, but are instead shaped by firm ownership structure.

The study also shows that cultural norms are transmitted through foreign direct investment. Firms with parent companies from countries that provide better economic opportunities for women exhibit smaller gender wage gaps than those from countries with weaker gender equality. A similar pattern emerges when analyzing firm-specific wage premia.

Finally, the findings underscore the importance of negotiation behavior and cultural attitudes toward gender in shaping wage disparities. Women's lower propensity to negotiate aggressively—particularly in contexts where foreign firms share higher wage premia with employees—may contribute to the more pronounced gender disparities observed among new hires.

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Appendix

Appendix A: Data

A.1. Matching of ownership information

Information on firm ownership and the nationality of the owner is drawn from the administrative firm register provided by Central European University MicroData.[10] Besides ownership information, the register contains comprehensive information on firm balance sheets. I use a probabilistic matching following the approach of Card et al. (2016). The matching procedure was implemented by using balance sheet variables available in both datasets: (1) sales, (2) sales revenue before tax, (3) total equity, (4) 2-digit industry code, (5) export revenue, (6) wage bill, and (7) employment. In this multi-step matching procedure, I do an exact matching at each step and sequentially relax the number of variables that have to match exactly. Firms matched at one step and validated are removed from both datasets before moving to the next step. For more details on the matching procedure, see Pető and Reizer (2024).

A firm is classified as foreign if more than 50 percent of its capital originates from foreign investors. As in Pető and Reizer (2024), to elicit the property of the foreign investors, I use the first foreign year of the firm, e.g., if the firm became foreign-owned in 2007, I use the ownership structure of the year 2007.

Appendix Table A.1 shows the most common FDI sources in the dataset. The number of worker-year observations corresponding to foreign firms in the dataset is 4,415,247. For 92% of them, the country of origin is known. 11% have more than one country of origin. The largest investors in Hungary are Germany and Austria.

10. HUN-REN KRTK (distributor). 2024. "Mérleg LTS [data set]" Published by Opten Zrt, Budapest. Contributions by CEU MicroData. Data usage is subject to a licensing agreement with Opten Kft. To process the data, CEU MicroData received funding from the National Research, Development and Innovation Office (Forefront Research Excellence Program contract number 144193).

TABLE A.1. The five most common capital source countries in the sample

Country	Number of worker-year obs.	Percentage of foreign-years
Germany	1,130,138	26%
Austria	584,680	13%
Netherlands	506,106	11%
United States	200,989	5%
France	190,820	4%
More than one owner	493,182	11%
Missing	344,555	8%

Note: A firm is classified as foreign if more than 50 percent of its capital originates from foreign investors.

A.2. Gender norm- and distance-related measures

I use the CEPII gravity database (Conte et al., 2022) to measure the distance between Budapest, the capital of Hungary, and the capital of the source country as well as the time zone difference between the two countries. If foreign capital originates from more than one countries, the distance between each country of origin and Hungary is assessed, and the shortest distance is considered. A similar approach is applied when measuring distances based on time zones. If a firm classified as foreign has foreign capital originating at least partly from the European Union, the firm is considered to have EU origins. The same principle applies when defining firms originating from countries neighboring Hungary. When foreign capital originates from multiple countries, I consider the characteristics of the country with the highest ranking for women's economic opportunities in the World Economic Forum (WEF) economic opportunity index ranking (Hausmann et al., 2006) or the highest labor market participation rate reported by the United Nations.[11] To define a country as having good economic opportunities for women, I use two definitions separately: (i) it ranks among the top 20, (ii) the female labor force participation rate is larger than 60 percent. Companies whose country of origin is not listed in the database or whose country of origin cannot be determined are grouped as "other foreign firms".

Appendix Table A.2 shows the most important FDI sources in the sample that are considered female-friendly by the criteria described above. The dataset contains 4,415,247 foreign worker-year observations, of which 686,227 (319,382) are considered to be related to firms originating in female-friendly countries according to the first (second) definition.

11. Downloaded from *http : //data.un.org/Explorer.aspx?d = WDIf = Indicator_Code%3aNY.GDP.PCAP.PP.CD* on 11.05.2022.

TABLE A.2. The five most common capital source countries with good economic opportunities for women in the sample

Country	Worker-year obs.	Share	OECD
Panel A: WEF economic opportunity ranking			
Total	686,227		
of which the top 5 are...			
United States	269,246	39%	YES
Switzerland	182,120	27%	YES
Sweden	76,394	11%	YES
Denmark	59,728	9%	YES
Finland	48,322	7%	YES
Panel B: Female labor force participation rate by UN			
Total	319382		
of which the top 5 are...			
Switzerland	187,704	59%	YES
Sweden	76,468	24%	YES
Canada	28,036	9%	YES
Norway	9,698	3%	YES
China	8,384	3%	NO

Note: If foreign capital comes from more than one countries and at least one of these countries is among the top 20 countries in the WEF ranking, the workers are listed under the name of this country in the table. If the owners include more than one countries ranking among the top 20, they are listed under the name of the first country in alphabetical order. A similar rule applies to the female labor force participation measure. The list of OECD member countries is downloaded from *https : //www.oecd.org/en/about/members − partners.html* on 10.22.2024.

A.3. Matching

Building on the work of Hijzen et at. (2013), I define a worker as "incumbent" if she works for the same company for three consecutive years: one year before the acquisition, in the year of the event, and one year thereafter. I only consider acquisitions where there was no further ownership change during this period. As for the control group, I include always-domestic worker years that satisfy the same requirement.

A worker is considered a "newcomer" if she moves between companies and stays with the new company for at least two years. Newcomers who transition from an always-domestic to a foreign-owned company are considered the treated group, and those who move between always-domestic firms are considered the control group.

I apply the matching procedure on the sample of "incumbent" and "newcomer" workers separately, and also separately by year-gender-skill level-broad industry (service/industry). I run probit probability models on each

subsample to estimate the propensity score of working for a foreign firm.[12] The left-hand-side variable of the regression equals one if the firm is under foreign control. I control for both firm- and worker-level characteristics in the propensity score estimates. The firm-level characteristics used are industry and region dummies, log employment and its lag, and the log average wage. The worker-level characteristics included are log individual wage, age, age squared, tenure and its square, and 2-digit occupation categories. All these variables are measured one year before the ownership status change. I exclude observations from the analysis with missing data in the matching procedure.

The estimated propensity score shows the probability that the given worker works for a foreign company. Based on these estimated results, I choose the best match within each subsample from the control group to each treated worker using the nearest neighborhood method. This method ensures exact matching on year-gender-skill level-broad industry.

Appendix Table A.3 shows the descriptive statistics of the incumbent workers before (Panel A) and after the matching (Panel B). Column (1) and (2) correspond to incumbent workers at domestic firms. A worker is considered an incumbent if she stays at a domestic firm for three consecutive years. The table shows the summary statistics for the first year of such a period. Column (3) and (4) show the same descriptive statistics for incumbent workers at acquired firms. In this case, a worker is considered an "incumbent" if she works for the same company from one year before the acquisition to two years thereafter. The table shows the characteristics of such a worker and her employer in the last year under domestic control. Male and female incumbent workers at acquired firms are younger and less experienced, but are slightly more skilled and earn higher wages at larger and internationally more active firms than incumbent workers of the same gender at domestic firms (see Panel A of Table A.3). In the matched sample, incumbent workers at domestic and foreign firms are more similar: they are the same age and have similar experience and wages. As I required exact matching on the skill level of workers, skill differences disappeared in the matched sample. The differences in firm-level characteristics also shrank, but did not disappear entirely.

A similar pattern can be observed in the case of newcomers (see Appendix Table A.4). Workers switching from domestic to foreign firms are younger and less experienced but are more skilled and work for larger and internationally more active firms than those switching firms but staying within the domestic sector. Matching decreased all these differences (see Panel B). The differences in worker-level characteristics between those switching to other domestic firms and those switching to foreign firms disappeared, while firm-level differences in their ex-company narrowed significantly.

12. The results are robust to estimating the propensity score separately for "incumbent" and "newcomer" workers, without further dividing the sample into subsamples. The results are available upon request.

A.4 shows descriptive statistics of the subsample of incumbent and newcomer workers before and after the matching. The characteristics are measured one year before the ownership status change, i.e., for incumbent workers, it shows the characteristics of the worker a year before the acquisition takes place and the corresponding firm-level characteristics. In the case of newcomers, the table shows the workers' and the firms' characteristics in the last year before switching to a new domestic or a foreign firm.

TABLE A.3. Descriptive statistics of the sample of incumbent workers before and after matching

	(1)	(2)	(3)	(4)
	Domestic firm		Acquired firm	
	Female mean (sd)	Male mean (sd)	Female mean (sd)	Male mean (sd)
	Panel A: Full sample			
Age	41.23	40.14	40.29	39.50
	(9.52)	(9.98)	(9.82)	(9.76)
Tenure	3.98	4.15	2.90	2.93
	(2.96)	(3.09)	(2.27)	(2.26)
High-skilled	26%	26%	27%	28%
Middle-skilled	65%	59%	62%	57%
Low-skilled	10%	15%	11%	15%
Log daily wage	7.98	8.05	8.22	8.40
	(0.43)	(0.46)	(0.50)	(0.52)
No. of employees	181.93	121.44	557.71	654.07
	(364.57)	(285.61)	(962.35)	(1,101.39)
Log Sales	13.65	13.55	15.21	15.45
	(1.89)	(1.73)	(2.08)	(2.15)
Never exported	42%	33%	25%	15%
Sometimes exported	22%	25%	24%	30%
Always exported	36%	42%	50%	55%
No. of observations	887,449	1,580,545	8,549	14,574
	Panel B: Matched sample			
Age	40.21	39.45	40.37	39.67
	(10.04)	(9.80)	(9.86)	(9.76)
Tenure	3.15	3.13	3.22	3.20
	(2.35)	(2.28)	(2.27)	(2.28)
High-skilled	27%	28%	27%	28%
Middle-skilled	62%	57%	62%	57%
Low-skilled	11%	15%	11%	15%
Log daily wage	8.21	8.36	8.24	8.42
	(0.50)	(0.53)	(0.50)	(0.52)
No. of employees	306.08	348.33	612.09	694.64
	(458.20)	(486.73)	(1,033.17)	(1,164.47)
Log sales	14.48	14.98	15.36	15.57
	(1.93)	(2.08)	(2.05)	(2.12)
Never exported	28%	20%	26%	13%
Sometimes exported	22%	18%	21%	28%
Always exported	50%	62%	53%	59%
No. of observations	7,127	12,548	7,127	12,548

Note: This table presents the descriptive statistics of the sample of incumbent workers in the last year before the (pseudo-) acquisition took place. Panel A corresponds to the full sample, while Panel B to the matched sample. Firm-level characteristics are weighted by the number of individual observations.

TABLE A.4. Descriptive statistics of the sample of newcomer workers before and after matching

	(1)	(2)	(3)	(4)
	Domestic firm		Foreign firm	
	Female mean (sd)	Male mean (sd)	Female mean (sd)	Male mean (sd)
	Panel A: Full sample			
Age	38.35	37.65	34.62	34.19
	(10.05)	(10.06)	(9.95)	(9.81)
Tenure	2.88	2.79	2.15	2.35
	(2.41)	(2.36)	(1.88)	(2.07)
High-skilled	27%	23%	25%	27%
Middle-skilled	65%	64%	63%	62%
Low-skilled	9%	13%	12%	11%
Log daily wage	7.88	7.92	7.97	8.04
	(0.39)	(0.41)	(0.40)	(0.44)
No. of employees	207.78	124.59	347.16	274.86
	(503.84)	(351.76)	(603.32)	(532.38)
Log sales	13.43	13.28	13.70	13.70
	(1.83)	(1.75)	(1.73)	(1.78)
Never exported	53%	44%	47%	38%
Sometimes exported	26%	30%	26%	28%
Always exported	21%	26%	27%	34%
No. of observations	52437	112793	30658	48407
	Panel B: Matched sample			
Age	34.49	34.07	34.64	34.25
	(9.79)	(9.85)	(9.93)	(9.84)
Tenure	2.30	2.51	2.34	2.56
	(1.95)	(2.14)	(1.98)	(2.16)
High-skilled	25%	27%	25%	27%
Middle-skilled	63%	61%	63%	61%
Low-skilled	12%	11%	12%	11%
Log daily wage	7.98	8.05	7.99	8.05
	(0.40)	(0.44)	(0.40)	(0.43)
No. of employees	355.68	284.41	371.62	293.66
	(597.61)	(571.98)	(612.87)	(541.98)
Log sales	13.82	13.80	13.82	13.82
	(1.71)	(1.73)	(1.68)	(1.73)
Never exported	48%	39%	46%	36%
Sometimes exported	25%	28%	26%	27%
Always exported	27%	34%	28%	36%
No. of observations	25679	41025	25679	41025

Note: This table presents the descriptive statistics of the sample of newcomer workers in the last year before entering the new domestic or foreign firm. Panel A corresponds to the full sample, while Panel B to the matched sample.

Appendix B: Additional results and descriptive statistics

B.1. Descriptive statistics

In this Appendix section, I provide additional descriptive statistics to characterize the data in more detail. Table B.1 provides worker-year-level averages of key variables, while Table B.2 shows statistics at the firm-year level.

Table B.3 shows the number of individual observations relating to the identification of the wage effect. I have 11,633,407 worker-year observations, corresponding to 1,802,277 workers. The individual fixed effects in the AKM-type model are estimated from worker transitions between firms. I observe 954,111 such transitions during the 2003–2017 period.

857,332 workers changed firms at least once between 2003 and 2017. There are more than 219,677 cases in total where ownership changes occurred, either by worker transition from a domestic to a foreign firm or by changes in the ownership status of the firm where the worker was employed.

Table B.1. Descriptive statistics of the individuals

	Domestic		Foreign	
	Panel A: Workforce characteristics			
	Male	Female	Male	Female
Age	40.4	40.7	38.0	38.4
	(10.7)	(10.4)	(10.3)	(10.3)
Low-skilled	15.3 %	9.2 %	11.5 %	13.9 %
Medium-skilled	60.3 %	64.7 %	55.5%	58.4 %
High-skilled	24.3 %	26.2 %	33.1%	27.7 %
Logarithm of wage	8.13	8.06	8.64	8.40
	(0.50)	(0.47)	(0.55)	(0.54)
Number of observations	4,562,967	2,655,193	2,490,142	1,925,105

Note: This table shows descriptive statistics of the workforce by gender separately for domestic and foreign firms. Firms are classified as foreign-owned if the share of directly or indirectly owned foreign capital is at least 50%.

Table B.2. Descriptive statistics of the firms

	Domestic	Foreign
Female	37%	44%
Logarithm of sales	12.1	13.7
	(1.5)	(2.0)
Employment	27	114
	(209)	(474)
Service	61%	62%
Number of observations	634,005	87,672

Note: This table shows descriptive statistics of the firms separately for domestic and foreign firms. Firms are classified as foreign-owned if the share of directly or indirectly owned foreign capital is at least 50%.

Table B.3. Number of cases used for the identification

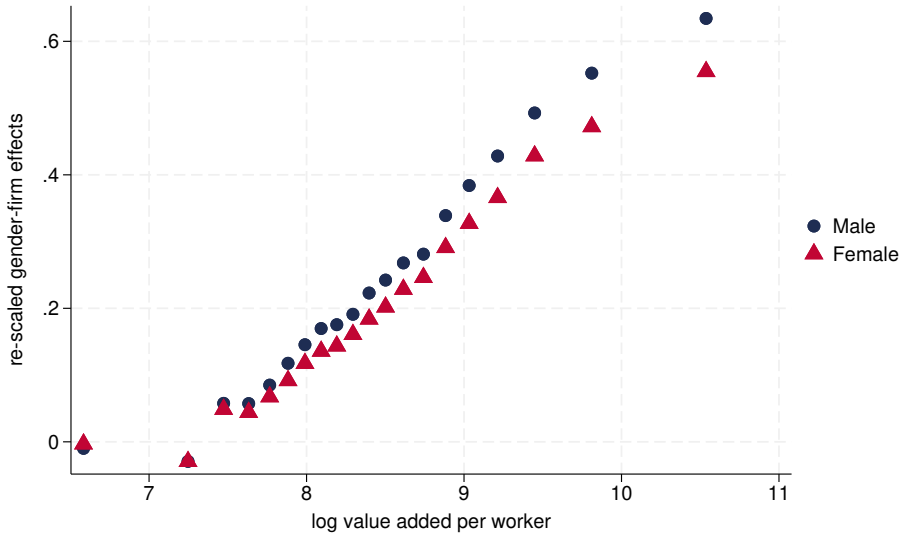
	No. worker-year	No. worker
All firm	11,633,407	1,802,277
— Male	7,053,109	1,024,950
— Female	4,580,298	777,327
Never changed firm	4,791,819	944,945
— Male	2,717,706	440,117
— Female	2,074,113	504,828
Changed firm at least once	6,841,588	857,332
— Male	4,335,403	337,210
— Female	2,506,185	520,122
	No cases	
Worker transition	954,111	
— Male	612,232	
— Female	341,879	
from domestic to foreign*	219,677	
— Male	84,546	
— Female	135,131	
from foreign to domestic*	189,557	
— Male	73,761	
— Female	115,796	

Note: This table details the number of cases used for the identification.
*Ownership change can happen in two ways: either the firm has been acquired or the worker changed firm.

B.2. Additional results on the wage effect

In this Appendix, I provide additional results on the gender wage gap to complement my main results.

FIGURE B.1. Log value added per worker and gender-firm-specific premium



Note: This figure shows the gender-firm-specific wage premium (i.e., gender-firm-specific fixed effects). An AKM model was estimated separately for male and female workers using the sample of dual-connected firms. Firm-specific wage premia were normalized by assuming that the least productive firms offer zero wage premia to both men and women, while highly productive firms may provide wage premia to their employees. The kink point was determined by selecting the fitted line with the lowest RMSE and using this point to normalize gender-firm-specific effects.

TABLE B.4. The effect of FDI on the gender wage gap among incumbent workers and newcomers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Incumbents	Incumbents				Newcomers			
VARIABLES		t0+1	t0+1	t0+2	t0+2	t0+1	t0+1	t0+2	t0+2
Foreign*Female	-0.017**	-0.017**	-0.006	-0.016*	-0.001	-0.088***	-0.025***	-0.087***	-0.031***
	(0.008)	(0.007)	(0.007)	(0.009)	(0.010)	(0.010)	(0.007)	(0.011)	(0.007)
lnwage(t-1)		0.933***	0.894***	0.870***	0.800***	0.461***	0.303***	0.440***	0.283***
		(0.006)	(0.007)	(0.010)	(0.013)	(0.008)	(0.008)	(0.008)	(0.007)
Constant	8.767***	0.623***	0.959***	1.312***	1.852***	4.304***	5.630***	4.569***	5.875***
	(0.014)	(0.055)	(0.061)	(0.099)	(0.102)	(0.067)	(0.064)	(0.067)	(0.059)
Observations	11,633,407	39,350	39,350	39,350	39,350	133,408	133,408	133,408	133,408
R-squared	0.954	0.930	0.963	0.876	0.935	0.563	0.835	0.576	0.844
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Occup	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
FirmFE	No	No	Yes	No	Yes	No	Yes	No	Yes
WorkerFE	No	No	No	No	No	No	No	No	No
Job spell	Yes	No	No	No	No	No	No	No	No

Note: This table shows the effect of FDI on the gender wage gap for incumbent workers and newcomers separately. In column (1), I re-estimate Equation (1), but instead of worker- and firm-specific fixed effects, I include job-spell fixed effects in the model. Applying a job-spell-specific fixed effect identifies the parameters of $Foreign_{jt} * Female_i$ solely from incumbent workers at acquired firms. In columns (2)-(9), I rely on the matched subsample of workers (see more details on the matching in Section A.3) and estimate Equation (2) in which the dependent variable is the logarithm of the daily wage of worker i one or two years after the (i) ownership change in case of incumbent workers or (ii) transition to the new company in case of newcomers. In column (2), (4), (6) and (8), I control for a set of year and occupation dummies, the age and work tenure of the worker, and their square. The last wage before (i) the acquisition takes place for incumbent workers and (ii) moving to a new company for newcomers is also included in the model. In column (3), (5), (7) and (9), I further add firm fixed effects to the model. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE B.5. The effect of FDI on the gender wage gap and the flexibility of wage-setting

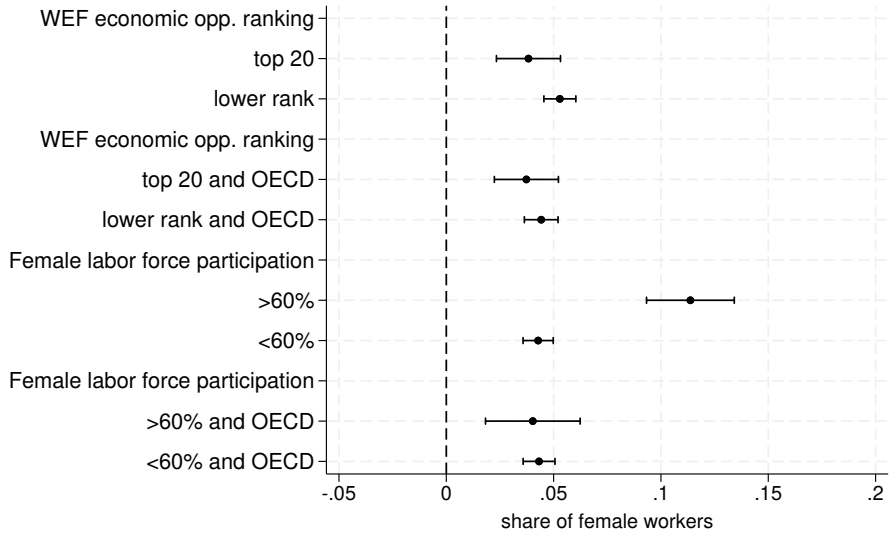
	(1)	(2)	(3)	(4)
	Panel A: Replication of Table 1			
Foreign*Female	-0.115***	-0.117***	-0.053***	-0.039***
	(0.014)	(0.012)	(0.005)	(0.002)
Divestment*Female	0.007	-0.000	-0.027**	-0.035***
	(0.017)	(0.016)	(0.012)	(0.006)
Constant	7.675***	7.712***	7.882***	8.861***
	(0.016)	(0.016)	(0.011)	(0.011)
Observations	11,001,240	11,001,240	11,001,240	11,001,240
R-squared	0.504	0.531	0.767	0.925
	Panel B: Controlling for wage-setting flexibility			
Foreign*Female	-0.045***	-0.049***	-0.023***	-0.019***
	(0.015)	(0.013)	(0.005)	(0.002)
Divestment*Female	0.040***	0.031**	-0.011	-0.021***
	(0.015)	(0.013)	(0.009)	(0.006)
Sd of male workers	0.885***	0.842***	0.239***	0.209***
	(0.029)	(0.030)	(0.013)	(0.010)
Sd of male workers * Female	-0.609***	-0.605***	-0.302***	-0.227***
	(0.025)	(0.024)	(0.011)	(0.007)
Constant	7.446***	7.488***	7.814***	8.822***
	(0.015)	(0.014)	(0.011)	(0.012)
Observations	11,001,240	11,001,240	11,001,240	11,001,240
R-squared	0.533	0.556	0.769	0.925
Year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occup	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: Panel A replicates Table 1 on the subsample of firms employing at least two male workers. It shows the parameter estimates of Equation (1) on this subsample. The control variables in column (1) are year- and occupation-specific fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), the list of control variables is extended with a set of industry dummies. In column (3), I include firm-specific fixed effects in the model. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy. Panel B further controls for the standard deviation of the wages of male workers in firm j at time t and its interaction with the *Female* dummy. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

B.3. Additional results on the employment effect

In this Appendix, I provide additional results on the gender composition of the firm to complement my main results.

FIGURE B.2. Cultural heterogeneity in the gender composition of the workforce using across-firm comparison



Note: This figure shows the difference in the gender composition of the firm by the country of origin of FDI. In particular, it shows the results of the estimation of Equation (3) using the foreign firm categorization described in Section A.2. The dependent variable is the share of female workers in firm j at time t, and the variable of interest is the $Foreign_{njt}$ dummy. The x-axis represents the share of female workers in foreign firms relative to domestic firms. The vertical line at 0 indicates no difference in gender composition between the two. A set of year and industry dummies are included. Standard errors are clustered at firm level. The bars show 95% confidence intervals.

Appendix C: Robustness analysis

I present three types of robustness checks. First, I show that the results are robust to including additional control variables in the model. Second, I show that my results are not driven by the pattern that foreign and domestic firms differ in several observable dimensions, namely that they are larger in terms of sales revenue and number of employees, and are more likely to be involved in export activities. Finally, I show that including part-time employees in the regression does not alter my results either.

C.1. Additional controls

In this section, I take into account that FDI may disproportionately increase the demand for male workers in the local labor market or within a specific industry, leading to higher wages for this group. To overcome this issue, I include gender-year and county-year fixed effects in the model to account for such spillover effects. In the case of the wage regression, I further account for the possibility that wages for men and women evolve differently in the economy during the observed period. I extend my wage regressions (Equation (1)) with county-year, industry-year, female-year fixed effects, and after combining all these fixed effects into a comprehensive model, I include county-, industry-, and female-year-specific fixed effects. In the case of the employment regression, I enhance the baseline model with county- and industry-year-specific fixed effects. The results are robust to these extensions (see Table C.1-C.4 for the results on the gender wage gap). In parallel to this, I modify Equation (4) similarly and show that my results hold upon adding the abovementioned fixed effects to the model. Figure C.1 shows that subsidiaries originating in a society that has better economic opportunities have a smaller gender wage gap. The original results on the gender composition of the workforce are also robust to these modifications (see Table C.6-C.9 and Figure C.2).

Moreover, according to Pető and Reizer (2021), women and men perform different tasks at the workplace. Since foreign and domestic firms employ different technologies, this might result in a change in the relative demand for some tasks (Pető & Reizer, 2024) and ultimately to varying relative demand for female labor between foreign and domestic firms. As technological differences may also contribute to the mechanisms explored in this paper, the main model does not entirely exclude this channel by design. Nevertheless, it partially accounts for these differences by including industry- and firm-level fixed effects. In this section, I demonstrate that the results remain robust even when I control for the task composition of firms' production processes—approximated by the age, skill level, and occupational distribution of employees in the employment equations (see Table C.5 and Figure C.3).

TABLE C.1. The effect of FDI on the gender wage gap by controlling for county-year-specific fixed effects

	(1)	(2)	(3)	(4)
Foreign	0.428***	0.417***	0.058***	0.044***
	(0.015)	(0.013)	(0.009)	(0.008)
Female	-0.099***	-0.099***	-0.099***	
	(0.005)	(0.004)	(0.002)	
Foreign*Female	-0.111***	-0.114***	-0.058***	-0.041***
	(0.013)	(0.011)	(0.005)	(0.002)
Divestment	0.134***	0.130***	0.019	0.021*
	(0.020)	(0.018)	(0.014)	(0.012)
Divestment*Female	0.005	-0.000	-0.026**	-0.034***
	(0.016)	(0.015)	(0.011)	(0.006)
Constant	7.685***	7.726***	7.881***	8.836***
	(0.015)	(0.014)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.514	0.541	0.771	0.924
County-year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occupation	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: The table replicates Table 1 with the inclusion of county-year-specific fixed effects. In particular, it shows the foreign-domestic difference in the gender wage gap by estimating Equation (1) in which the dependent variable is the logarithm of daily wage and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with the gender dummy. The control variables in column (1) are county-year fixed effects, occupation fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), the list of control variables is extended with 1-digit industry category dummies. In column (3), I include firm-specific fixed effects in the model. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.2. The effect of FDI on the gender wage gap by controlling for industry-year-specific fixed effects

	(1)	(2)	(3)	(4)
Foreign	0.435***	0.425***	0.054***	0.042***
	(0.016)	(0.014)	(0.008)	(0.008)
Female	-0.101***	-0.101***	-0.099***	
	(0.005)	(0.005)	(0.002)	
Foreign*Female	-0.107***	-0.111***	-0.058***	-0.041***
	(0.014)	(0.012)	(0.005)	(0.002)
Divestment	0.136***	0.132***	0.019	0.019*
	(0.020)	(0.018)	(0.013)	(0.011)
Divestment*Female	0.006	0.004	-0.022**	-0.029***
	(0.017)	(0.015)	(0.011)	(0.005)
Constant	7.681***	7.720***	7.873***	8.841***
	(0.016)	(0.015)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.501	0.531	0.770	0.924
Year	Yes	No	No	No
Mincer	Yes	Yes	Yes	Yes
Occupation	Yes	Yes	Yes	Yes
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes
Industry-year	No	Yes	Yes	Yes

Note: The table replicates Table 1 with the inclusion of industry-year-specific fixed effects. In particular, it shows the foreign-domestic difference in the gender wage gap by estimating Equation (1) in which the dependent variable is the logarithm of daily wage and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with the gender dummy. The control variables in column (1) are year fixed effects, occupation fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), I include industry-year fixed effects in the model instead of the year dummies. In column (3), I include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.3. The effect of FDI on the gender wage gap by controlling for female-year-specific fixed effects

	(1)	(2)	(3)	(4)
Foreign	0.435***	0.426***	0.057***	0.044***
	(0.016)	(0.014)	(0.009)	(0.008)
Foreign * Female	-0.108***	-0.111***	-0.058***	-0.040***
	(0.014)	(0.012)	(0.005)	(0.002)
Divestment	0.138***	0.134***	0.017	0.019
	(0.020)	(0.018)	(0.014)	(0.012)
Divestment * Female	0.002	-0.003	-0.030***	-0.032***
	(0.017)	(0.015)	(0.011)	(0.006)
Constant	7.641***	7.679***	7.838***	8.837***
	(0.016)	(0.015)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.501	0.528	0.768	0.923
Female-year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occupation	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: The table replicates Table 1 with the inclusion of female-year-specific fixed effects. In particular, it shows the foreign-domestic difference in the gender wage gap by estimating Equation (1) in which the dependent variable is the logarithm of daily wage and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with the gender dummy. The control variables in column (1) are female-year fixed effects, occupation fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), I further add a set of industry dummies to the model. In column (3), I include firm-specific fixed effects in the model. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.4. The effect of FDI on the gender wage gap by controlling for county-, industry-, and female-year-specific fixed effects

	(1)	(2)	(3)	(4)
Foreign	0.428***	0.417***	0.055***	0.042***
	(0.015)	(0.013)	(0.008)	(0.008)
Foreign*Female	-0.112***	-0.114***	-0.059***	-0.040***
	(0.013)	(0.011)	(0.005)	(0.002)
Divestment	0.136***	0.132***	0.022*	0.019*
	(0.020)	(0.019)	(0.013)	(0.011)
Divestment*Female	-0.000	-0.003	-0.024**	-0.027***
	(0.016)	(0.015)	(0.011)	(0.004)
Constant	7.647***	7.690***	7.840***	8.837***
	(0.015)	(0.015)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-square	0.514	0.543	0.772	0.925
Female-year	Yes	Yes	Yes	Yes
County-year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occupation	Yes	Yes	Yes	Yes
Industry-year	No	Yes	Yes	Yes
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: The table replicates Table 1 with the inclusion of county-, industry-, and female-year-specific fixed effects. In particular, it shows the foreign-domestic difference in the gender wage gap by estimating Equation (1) in which the dependent variable is the logarithm of daily wage and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with the gender dummy. The control variables in column (1) are female-year, county-year, and occupation fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), I include industry-year fixed effects in the model instead of the year dummies. In column (3), I include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy, as female-year-specific fixed effects are included in the model. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.5. The effect of FDI on the gender composition of the workforce by controlling for other aspects of workforce characteristics

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
Foreign	0.071***	0.062***	0.003	0.059***	0.046***	0.001
	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)	(0.004)
Divestment	0.043***	0.025***	-0.001	0.018***	0.014***	-0.001
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Constant	0.812***	0.581***	0.429***	0.193***	0.277***	0.255***
	(0.021)	(0.020)	(0.016)	(0.018)	(0.018)	(0.015)
Observations	721,677	721,677	721,677	721,677	721,677	721,677
R-squared	0.032	0.173	0.784	0.290	0.334	0.818
Year	Yes	Yes	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No	Yes	No
Age composition	Yes	Yes	Yes	Yes	Yes	Yes
Skil composition	Yes	Yes	Yes	No	No	No
Occup. composition	No	No	No	Yes	Yes	Yes
FirmFE	No	No	Yes	No	No	Yes

Note: The table is a replication of Table 2 but with other workforce characteristics controlled for. In particular, it shows the foreign-domestic difference in the gender composition of the firm by estimating Equation (3) in which the dependent variable is the share of female workers in firm j at time t. The main variable of interest is the foreign ownership dummy. I include a dummy indicating post-divestment years. The control variables in column (1) and (4) are year fixed effects. In column (2) and (5), the list of control variables is extended with 1-digit industry dummies. In column (3) and (6), I also include firm-specific fixed effects. Columns (1)-(3) further control for the share of workers in each skill-level group, while in columns (4)-(6), the share of workers in each 1-digit occupation group is controlled for. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.6. The effect of FDI on the gender composition of the workforce by controlling for county- and industry-year-specific fixed effects

	(1)	(2)	(3)
Panel A: including county-year-specific fixed effects			
Foreign	0.057***	0.049***	0.003
	(0.003)	(0.003)	(0.004)
Divestment	0.035***	0.019***	0.001
	(0.006)	(0.006)	(0.006)
Constant	0.358***	0.360***	0.366***
	(0.001)	(0.001)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.014	0.162	0.782
County-year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes
Panel B: including industry-year-specific fixed effects			
Foreign	0.071***	0.052***	0.004
	(0.003)	(0.003)	(0.004)
Divestment	0.047***	0.022***	0.002
	(0.006)	(0.006)	(0.006)
Constant	0.356***	0.359***	0.366***
	(0.001)	(0.001)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.005	0.162	0.782
Year	Yes	No	No
Industry-year	No	Yes	Yes
FirmFE	No	No	Yes
Panel C: including industry-county-year-specific fixed effects			
Foreign	0.057***	0.049***	0.004
	(0.003)	(0.003)	(0.004)
Divestment	0.035***	0.020***	0.002
	(0.006)	(0.006)	(0.006)
Constant	0.358***	0.360***	0.366***
	(0.001)	(0.001)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.014	0.163	0.783
County-year	Yes	Yes	Yes
Industry-Year	No	Yes	Yes
FirmFE	No	No	Yes

Note: The table is a replication of Table 2 but with additional controls added to the model. In particular, it shows the foreign-domestic difference in the gender composition of the firm by estimating Equation (3) in which the dependent variable is the share of female workers in firm j at time t. The main variable of interest is the foreign ownership dummy. I include a dummy indicating post-divestment years. In Panel A, I add to the original control variables county-year fixed effects, in panel B, industry-year-specific fixed effects, while Panel C includes both. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.7. The effect of FDI on the gender composition of the workforce by controlling for other aspects of workforce quality and county-year-specific fixed effects

	(1)	(2)	(3)	(4)	(5)	(6)
Foreign	0.062***	0.058***	0.004	0.062***	0.048***	0.001
	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)	(0.004)
Divestment	0.035***	0.023***	0.000	0.020***	0.016***	-0.001
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Constant	0.786***	0.577***	0.431***	0.193***	0.275***	0.256***
	(0.021)	(0.020)	(0.016)	(0.018)	(0.018)	(0.015)
Observations	721,677	721,677	721,677	721,677	721,677	721,677
R-squared	0.037	0.174	0.784	0.291	0.335	0.818
County-year	Yes	Yes	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No	Yes	No
FirmFE	No	No	Yes	No	No	Yes
Age composition	Yes	Yes	Yes	Yes	Yes	Yes
Skill composition	Yes	Yes	Yes	No	No	No
Occup. composition	No	No	No	Yes	Yes	Yes

Note: This table shows the effect of FDI on the gender composition of the workforce by replicating Table 2 with additional control variables included in the model. The parameters are estimated by using Equation (3) in which the dependent variable is the share of female workers. Besides the original control variables, I include the average age of the workforce and its square. Columns (1)-(3) further control for the share of workers in each skill-level group, while in columns (4)-(6) the share of workers in each 1-digit occupation group is controlled for. The model also incorporates county-year-specific fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.8. The effect of FDI on the gender composition of the workforce by controlling for other aspects of workforce quality and county-year-specific fixed effects

	(1)	(2)	(3)	(4)	(5)	(6)
Foreign	0.071***	0.062***	0.004	0.059***	0.046***	0.001
	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)	(0.004)
Divestment	0.043***	0.026***	0.001	0.018***	0.014***	-0.003
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Constant	0.812***	0.577***	0.424***	0.193***	0.282***	0.260***
	(0.021)	(0.020)	(0.016)	(0.018)	(0.018)	(0.015)
Observations	721,677	721,677	721,677	721,677	721,677	721,677
R-squared	0.032	0.173	0.784	0.290	0.335	0.818
Year	Yes	No	No	Yes	No	No
Industry-year	No	Yes	Yes	No	Yes	Yes
FirmFE	No	No	Yes	No	No	Yes
Age composition	Yes	Yes	Yes	Yes	Yes	Yes
Skill composition	Yes	Yes	Yes	No	No	No
Occup. composition	No	No	No	Yes	Yes	Yes

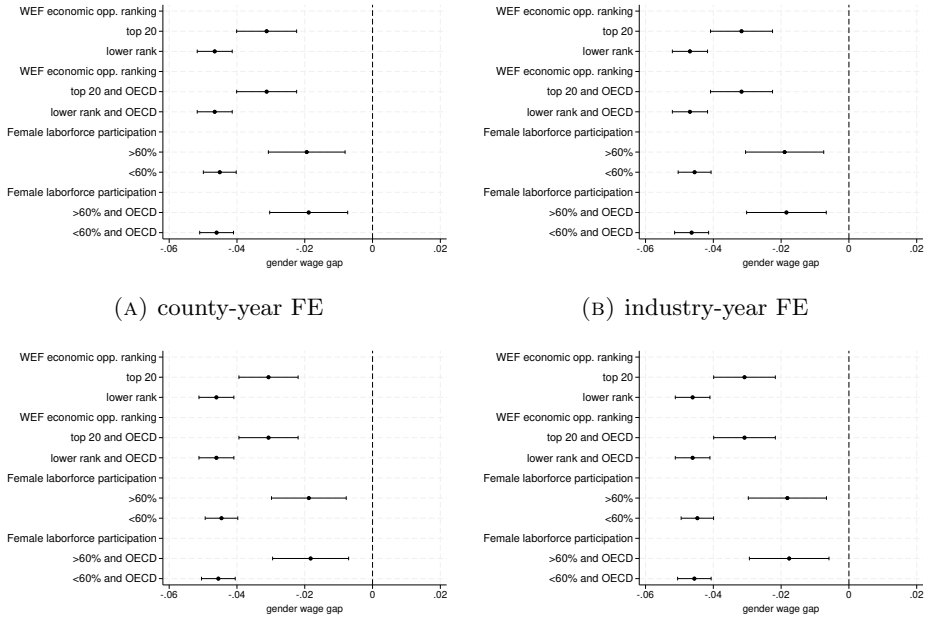
Note: This table shows the effect of FDI on the gender composition of the workforce by replicating Table 2 with additional control variables included in the model. The parameters are estimated by using Equation (3) in which the dependent variable is the share of female workers. Besides the original control variables, I include the average age of the workforce and its square. Columns (1)-(3) further control for the share of workers in each skill-level group, while in columns (4)-(6) the share of workers in each 1-digit occupation group is controlled for. The model also incorporates industry-year-specific fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.9. The effect of FDI on the gender composition of the workforce by controlling for other aspects of workforce quality and county- and industry-year-specific fixed effects

	(1)	(2)	(3)	(4)	(5)	(6)
Foreign	0.062***	0.059***	0.004	0.062***	0.048***	0.001
	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)	(0.004)
Divestment	0.035***	0.023***	0.002	0.020***	0.016***	-0.002
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Constant	0.786***	0.575***	0.427***	0.193***	0.280***	0.261***
	(0.021)	(0.020)	(0.016)	(0.018)	(0.018)	(0.015)
Observations	721,677	721,677	721,677	721,677	721,677	721,677
R-squared	0.037	0.174	0.784	0.291	0.336	0.818
County-year	Yes	Yes	Yes	Yes	Yes	Yes
Industry-year	No	Yes	Yes	No	Yes	Yes
FirmFE	No	No	Yes	No	No	Yes
Age composition	Yes	Yes	Yes	Yes	Yes	Yes
Skill composition	Yes	Yes	Yes	No	No	No
Occup. composition	No	No	No	Yes	Yes	Yes

Note: This table shows the effect of FDI on the gender composition of the workforce by replicating Table 2 with additional control variables included in the model. The parameters are estimated by using Equation (3) in which the dependent variable is the share of female workers. Besides the original control variables, I include the average age of the workforce and its square. Columns (1)-(3) further control for the share of workers in each skill-level group, while in columns (4)-(6) the share of workers in each 1-digit occupation group is controlled for. The model also incorporates county- and industry-year-specific fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

FIGURE C.1. Cultural heterogeneity in the gender wage gap by controlling for female-, county-, and industry-year fixed effects



(A) county-year FE

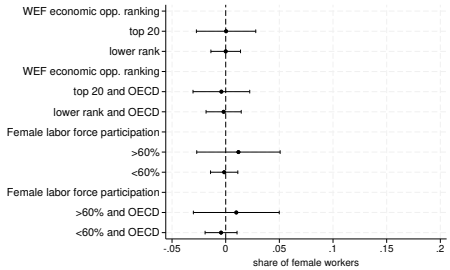
(B) industry-year FE

(C) female-year FE

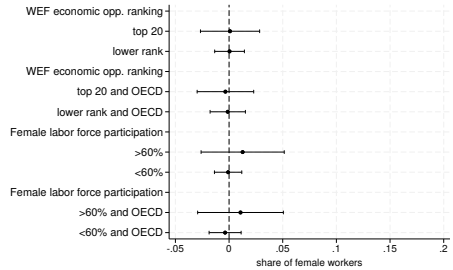
(D) county-, industry- and female-year FE

Note: The figures show the results of estimating Equation (4) by using the foreign firm categorization described in Section A.2. The control variables in panel (a) are age and its square, tenure and its square, county-year, occupation-, worker-, and firm-specific fixed effects. The control variables in panel (b) are age and its square, tenure and its square, industry-year, occupation-, worker-, and firm-specific fixed effects. The control variables in panel (c) are age and its square, tenure and its square, female-year, occupation-, worker-, and firm-specific fixed effects. The control variables in panel (d) are age and its square, tenure and its square, county-year, industry-year, female-year, occupation-, worker-, and firm-specific fixed effects. The bars show 95% confidence intervals. Standard errors are clustered at firm level.

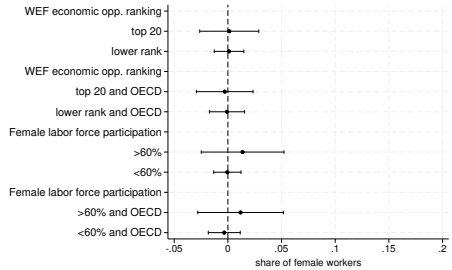
FIGURE C.2. Cultural heterogeneity in the gender composition of the workforce by controlling for county- and industry-year fixed effects



(A) county-year FE



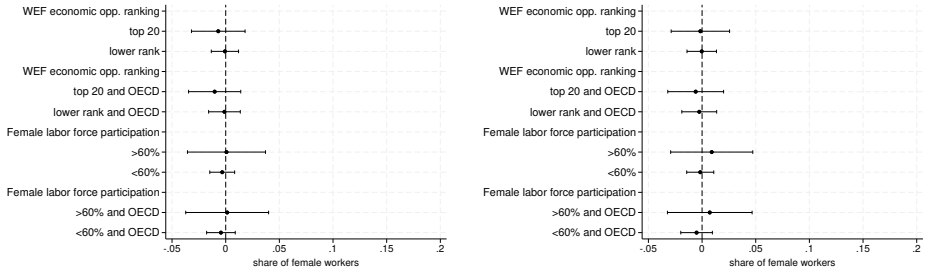
(B) industry-year FE



(C) county- and industry-year

Note: The figures show the results of the estimation of Equation (3) by using the foreign firm categorization described in Section A.2. In panel (a), the control variables are county-year and firm-specific fixed effects. In panel (b), the control variables are industry-year and firm-specific fixed effects. In panel (c), the control variables are county-year, industry-year, and firm-specific fixed effects. The bars show 95% confidence intervals. Standard errors are clustered at firm level.

FIGURE C.3. Cultural heterogeneity in the gender composition of the workforce by including additional control variables



(A) occupation composition control (B) skill composition control

Note: This figure shows the heterogeneity in the gender composition of the workforce by the cultural background of the foreign investor. In particular, it shows the parameter estimates of Equation (3) by using the foreign firm categorization described in Section A.2. The control variables are year- and firm-specific fixed effects. In panel (a), I further control for the share of workers in each skill-level group, while in panel (b) the share of workers in each 1-digit occupation group is controlled for. Standard errors are clustered at firm level.

C.2. Other firm characteristics

Foreign-owned firms tend to be larger than their domestic counterparts, both in terms of workforce size and revenue, and they are also more frequently engaged in international trade. These firms often operate in distinct sectors of the economy as well. Prior research has shown that such firm-level characteristics—size, sector, and export orientation—are correlated with differences in gender wage gaps. Consequently, the observed finding that gender wage disparities are more pronounced in foreign-owned firms may reflect these underlying differences rather than ownership status alone.

Although the main regression model accounts for these variations through the inclusion of firm-level fixed effects, this section provides supplementary evidence indicating that ownership type may contribute to gender wage inequality independently of measurable firm attributes.

First, I re-estimate the models by incorporating additional controls for key time-varying firm characteristics: the logarithm of total sales revenue, the logarithm of employee count, and a binary variable indicating export activity. The resulting estimates are similar in magnitude to the original results, reinforcing the robustness of the earlier findings, even with the modified specifications of Equation (1), Equation (3), Equation (4), and Equation (5) (see Table C.10 and C.14, and Figure C.4).

Second, I group firms by size, export activity, and primary sector, and examine whether my results hold within each subgroup. In particular, I re-estimate Equation (1) and Equation (3) by including these categorical variables and interacting them with the firm's ownership status. In addition, in the wage regression, I further include the triple interaction term of the categorical variable, the firm's ownership status, and the gender of the workers.

To determine the size categories, I follow the EU legislation thresholds, and classify firms into three categories based on their size: firms with (i) more than 250 employees for at least 3 years, (ii) more than 100 but less than 250 employees for at least 3 years, and (iii) other. The classification treats firm size as a time-invariant firm-specific characteristic to prevent identification from being influenced by short-term fluctuations in firm size. The results are robust to size classification based on the actual size of the firm (the results are available upon request).

Based on the export revenue of the firm, I classify firms into three distinct groups. Firm are considered to be (i) Highly Active Exporters: if engaged in export activity in at least half of the observed periods, (ii) Medium Active Exporters: if engaged in export activity for at least one period but less than half of the observed time, (iii) Non-Exporters: firms with no export revenue throughout all periods. This categorization ensures that each firm is consistently assigned to a single category over time to prevent identification from being influenced by short-term fluctuations in export activity. The results

are robust to export activity categorization based on the actual export activity of the firm (the results are available upon request).

Firm's industry is determined based on the mode of the industry codes it reported in its balance sheets.

Table C.11-C.13 and Table C.15-C.17 demonstrate that the results remain robust within the examined subgroups.

TABLE C.10. The effect of FDI on the gender wage gap by controlling for time-varying firm-level characteristics

	(1)	(2)	(3)	(4)
Foreign	0.326***	0.306***	0.053***	0.042***
	(0.020)	(0.014)	(0.009)	(0.008)
Female	-0.118***	-0.112***	-0.099***	
	(0.008)	(0.007)	(0.002)	
Female*Foreign	-0.097***	-0.105***	-0.058***	-0.041***
	(0.016)	(0.013)	(0.005)	(0.002)
Divestment	0.107***	0.092***	0.019	0.021*
	(0.016)	(0.013)	(0.014)	(0.012)
Divestment*Female	0.015	0.011	-0.024**	-0.031***
	(0.018)	(0.017)	(0.011)	(0.005)
Constant	7.326***	7.262***	7.714***	8.678***
	(0.037)	(0.031)	(0.016)	(0.015)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.541	0.564	0.769	0.924
Year	YES	YES	YES	YES
Mincer	YES	YES	YES	YES
Occup	YES	YES	YES	YES
Industry	NO	YES	NO	NO
FirmFE	NO	NO	YES	YES
WorkerFE	NO	NO	NO	YES
Firm-level control	YES	YES	YES	YES

Note: The table replicates Table 1 by including time-varying firm-level control variables. In particular, it shows the foreign-domestic difference in the gender wage gap by estimating Equation (1) in which the dependent variable is the logarithm of daily wage and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with gender. The control variables in column (1) are year- and occupation-specific fixed effects, age and its square, tenure and its square, skill-level dummies, and time-varying firm-level characteristics (such as the logarithm of sales revenue, the logarithm of employee numbers, and an indicator for export participation). In column (2), the list of control variables is extended with 1-digit industry category dummies. In column (3), I include firm-specific fixed effects in the model. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.11. The effect of FDI on the gender wage gap by firm size

	(1)	(2)	(3)	(4)
Female	-0.061***	-0.064***	-0.072***	
	(0.005)	(0.005)	(0.002)	
Medium (100-250)	0.217***	0.204***		
	(0.009)	(0.009)		
Large (> 250)	0.398***	0.375***		
	(0.027)	(0.022)		
Medium*Female	-0.092***	-0.091***	-0.055***	-0.025***
	(0.009)	(0.008)	(0.004)	(0.003)
Large*Female	-0.198***	-0.174***	-0.066***	-0.021***
	(0.017)	(0.016)	(0.008)	(0.003)
Foreign	0.464***	0.458***	0.083***	0.064***
	(0.010)	(0.010)	(0.009)	(0.007)
Foreign*Medium	-0.141***	-0.140***	-0.031	-0.021
	(0.018)	(0.017)	(0.022)	(0.020)
Foreign*Large	-0.263***	-0.261***	-0.070***	-0.044**
	(0.035)	(0.030)	(0.020)	(0.018)
Foreign*Female	**-0.115*** **	**-0.113*** **	**-0.064*** **	**-0.052*** **
	(0.010)	(0.010)	(0.012)	(0.003)
Fo*Medium*Female	**0.052*** **	**0.056*** **	**0.035** **	**0.016*** **
	(0.019)	(0.018)	(0.014)	(0.005)
Fo*Large*Female	**0.146*** **	**0.117*** **	**0.038** **	**0.026*** **
	(0.026)	(0.023)	(0.015)	(0.005)
Divestment	0.149***	0.140***	0.038***	0.033***
	(0.011)	(0.011)	(0.010)	(0.009)
Div*Medium	-0.061**	-0.047	-0.005	-0.001
	(0.030)	(0.031)	(0.025)	(0.022)
Div*Large	-0.127***	-0.132***	-0.061*	-0.036
	(0.044)	(0.042)	(0.035)	(0.029)
Div*Female	-0.025**	-0.023**	-0.015***	-0.032***
	(0.010)	(0.010)	(0.005)	(0.005)
Div*Medium*Female	-0.000	0.012	0.018	0.008
	(0.028)	(0.028)	(0.015)	(0.010)
Div*Large*Female	0.154***	0.114***	-0.019	-0.005
	(0.038)	(0.036)	(0.026)	(0.014)
Constant	7.564***	7.599***	7.883***	8.846***
	(0.015)	(0.014)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.543	0.560	0.769	0.923
Year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occup	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: This table shows the foreign-domestic difference in the gender wage gap by firm size. In particular, I re-estimate Equation (1) by controlling for the size category of the firm, and its interaction with the gender of the worker and the firm's ownership status. Everything else remains the same as in the original equation. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.12. The effect of FDI on the gender wage gap by export activity

	(1)	(2)	(3)	(4)
Female	-0.055***	-0.064***	-0.078***	
	(0.007)	(0.006)	(0.003)	
Moderately engaged in export act.	0.051***	0.065***		
	(0.016)	(0.014)		
Highly engaged in export act.	0.171***	0.189***		
	(0.023)	(0.019)		
Female * Moderately	-0.051***	-0.037***	-0.013***	-0.014***
	(0.014)	(0.012)	(0.004)	(0.002)
Female * Highly	-0.086***	-0.074***	-0.043***	-0.025***
	(0.015)	(0.014)	(0.006)	(0.003)
Foreign	0.468***	0.327***	0.050***	0.023***
	(0.028)	(0.024)	(0.010)	(0.007)
Foreign * Moderately	-0.088**	0.035	0.022	0.027**
	(0.036)	(0.032)	(0.016)	(0.013)
Foreign * Highly	-0.099**	0.059*	-0.004	0.023
	(0.039)	(0.031)	(0.017)	(0.015)
Foreign * Female	**-0.050***	**-0.070*****	**-0.062*****	**-0.037*****
	(0.026)	(0.021)	(0.009)	(0.004)
Fo* Female * Moderately	**-0.036**	**-0.009**	**0.007**	**-0.005**
	(0.035)	(0.030)	(0.022)	(0.006)
Fo * Female * Highly	**-0.037**	**-0.016**	**0.022****	**0.006**
	(0.032)	(0.027)	(0.011)	(0.005)
Divestment	0.203***	0.138***	-0.014	0.000
	(0.032)	(0.021)	(0.011)	(0.010)
Div * Moderately	-0.110***	-0.048*	0.059***	0.030*
	(0.038)	(0.029)	(0.019)	(0.016)
Div * Highly	-0.118**	-0.031	0.027	0.020
	(0.046)	(0.037)	(0.026)	(0.022)
Div * Female	0.002	-0.017	-0.048***	-0.058***
	(0.024)	(0.019)	(0.016)	(0.012)
Div * Female * Moderately	0.024	0.042	0.038**	0.031**
	(0.034)	(0.030)	(0.018)	(0.014)
Div * Female * Highly	0.015	0.035	0.036	0.041***
	(0.034)	(0.030)	(0.025)	(0.013)
Constant	7.606***	7.623***	7.878***	8.843***
	(0.017)	(0.015)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.510	0.540	0.769	0.923
Year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occup	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: This table shows the effect of FDI on the gender wage gap by the export activity status of the firm. In particular, I replicate Table 1 by taking into account that foreign and domestic firms can differ in their export behavior. I re-estimate Equation (1) by controlling for the export activity status of the firm, and its interaction with the gender of the worker and the firm's ownership status. Everything else remains the same as in the original equation. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.13. The effect of FDI on the gender wage gap by the main activity of the firm

	(1)	(2)	(3)	(4)
Service sector	-0.019			
	(0.023)			
Female	-0.120***	-0.135***	-0.127***	
	(0.008)	(0.006)	(0.003)	
Service * Female	0.038***	0.058***	0.047***	0.026***
	(0.014)	(0.012)	(0.005)	(0.002)
Foreign	0.437***	0.428***	0.054***	0.042***
	(0.019)	(0.019)	(0.015)	(0.013)
Foreign * Service	-0.018	-0.022	-0.003	0.001
	(0.031)	(0.026)	(0.018)	(0.016)
Foreign * Female	-0.156***	-0.139***	-0.062***	-0.037***
	(0.015)	(0.015)	(0.006)	(0.003)
Foreign * Service * Female	0.114***	0.085***	0.027***	0.000
	(0.026)	(0.023)	(0.010)	(0.004)
Divestment	0.165***	0.155***	0.022	0.017
	(0.027)	(0.027)	(0.025)	(0.020)
Div * Service	-0.061	-0.049	-0.014	0.005
	(0.037)	(0.034)	(0.029)	(0.023)
Div * Female	-0.036**	-0.022	-0.030	-0.021***
	(0.018)	(0.018)	(0.019)	(0.005)
Div * Service * Female	0.086***	0.055**	0.011	-0.021**
	(0.027)	(0.026)	(0.023)	(0.010)
Constant	7.679***	7.710***	7.873***	8.832***
	(0.017)	(0.015)	(0.011)	(0.011)
Observations	11,633,407	11,633,407	11,633,407	11,633,407
R-squared	0.503	0.530	0.769	0.923
Year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occupation	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

Note: This table shows the foreign-domestic difference in the gender wage gap by the main activity of the firm. In particular, I replicate Table 1 by taking into account that foreign and domestic firms operate in different industries. I re-estimate Equation (1) by including a dummy that shows whether the firm operates in the service sector, and its interaction with the gender of the worker and the firm's ownership status. Everything else remains the same as in the original equation. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

Table C.14. The effect of FDI on the gender composition of the workforce by controlling for time-varying firm-level characteristics

VARIABLES	(1)	(2)	(3)
Foreign	0.104***	0.072***	0.004
	(0.003)	(0.003)	(0.004)
Divestment	0.061***	0.031***	0.000
	(0.006)	(0.006)	(0.006)
Observations	721,677	721,677	721,677
R-squared	0.020	0.170	0.782
Year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes
Firm-level controls	Yes	Yes	Yes

Note: This table shows the difference in the share of female workers in foreign and domestic firms. In particular, it presents the parameter estimates of Equation (3) by taking into account that foreign and domestic firms differ in size and in the likelihood of being involved in export activity. The dependent variable is the share of female workers in firm j at time t. The main variable of interest is the foreign ownership dummy. I include a dummy indicating post-divestment years. The control variables in column (1) are year fixed effects and time-varying firm-level characteristics (such as the logarithm of the number of employees at the firm, the logarithm of its sales revenue, and a dummy indicating the export activity status of the firm). In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.15. The effect of FDI on the gender composition of the workforce by firm size

VARIABLES	(1)	(2)	(3)
Medium (100-250)	0.039***	0.051***	
	(0.008)	(0.007)	
Large (> 250)	0.077***	0.081***	
	(0.011)	(0.00 9)	
Foreign	0.073***	0.049***	0.006
	(0.004)	(0.003)	(0.005)
Foreign*Medium	-0.062***	-0.042***	-0.029**
	(0.013)	(0.012)	(0.013)
Foreign*Large	-0.057***	-0.029**	-0.041***
	(0.015)	(0.013)	(0.015)
Divestment	0.048***	0.022***	0.002
	(0.006)	(0.006)	(0.006)
Div*Medium	-0.044*	-0.041**	-0.018
	(0.024)	(0.020)	(0.017)
Div*Large	-0.043	-0.021	-0.050***
	(0.033)	(0.024)	(0.017)
Constant	0.355***	0.357***	0.366***
	(0.001)	(0.001)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.005	0.163	0.782
Year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes

Note: This table shows the difference in the share of female workers between foreign and domestic firms, taking into account firm-size differences between them. In particular, it presents the parameter estimates of Equation (3) by taking into account that foreign and domestic firms differ in size. The dependent variable is the share of female workers in firm j at time t. In the regression, I control for firm size category and its interaction with the ownership dummies. The control variables in column (1) are year fixed effects. In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.16. The effect of FDI on the gender composition of the workforce by export activity status

VARIABLES	(1)	(2)	(3)
Moderately engaged in export act.	-0.083***	-0.068***	
	(0.003)	(0.003)	
Highly engaged in export act.	-0.082***	-0.077***	
	(0.003)	(0.003)	
Foreign	0.155***	0.098***	0.010
	(0.007)	(0.006)	(0.007)
Foreign * Moderately	-0.053***	-0.024***	-0.005
	(0.009)	(0.008)	(0.011)
Foreign * Highly	-0.076***	-0.030***	-0.016
	(0.008)	(0.008)	(0.011)
Divestment	0.088***	0.049***	0.005
	(0.011)	(0.010)	(0.009)
Div * Moderately	-0.028*	-0.016	-0.003
	(0.015)	(0.014)	(0.014)
Div * Highly	-0.050***	-0.027**	-0.012
	(0.015)	(0.014)	(0.013)
Constant	0.394***	0.392***	0.366***
	(0.002)	(0.002)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.021	0.171	0.782
Year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes

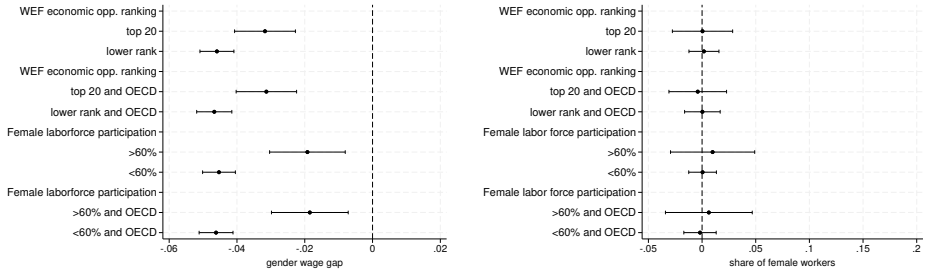
Note: This table shows the difference in the share of female workers between foreign and domestic firms while taking into account that foreign firms are more likely to be engaged in export activities. In particular, it presents the parameter estimates of Equation (3) in which the dependent variable is the share of female workers in firm j at time t. The main difference from the original estimates is that I control for the firm's export status and interact it with the firm's ownership status. The control variables in column (1) are year fixed effects. In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

TABLE C.17. The effect of FDI on the gender composition of the workforce by sector

VARIABLES	(1)	(2)	(3)
Service sector	0.208***		
	(0.002)		
Foreign	0.120***	0.067***	0.002
	(0.005)	(0.005)	(0.007)
Foreign * Service	-0.084***	-0.023***	0.001
	(0.007)	(0.006)	(0.009)
Divestment	0.057***	0.029***	0.011
	(0.009)	(0.009)	(0.009)
Div * Service	-0.039***	-0.012	-0.016
	(0.012)	(0.011)	(0.011)
Constant	0.231***	0.359***	0.366***
	(0.002)	(0.001)	(0.001)
Observations	721,677	721,677	721,677
R-squared	0.082	0.162	0.782
Year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes

Note: This table shows the difference in the share of female workers between foreign and domestic firms while taking into account that they operate in different industries. In particular, it presents the parameter estimates of Equation (3) in which the dependent variable is the share of female workers in firm j at time t. The main difference from the original estimates is that I include a dummy indicating that a firm operates in the service industry and its interaction with the firm's ownership status. The control variables in column (1) are year fixed effects. In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

FIGURE C.4. Cultural heterogeneity in the gender wage gap and gender composition of the workforce by controlling for time-varying firm-level characteristics



(A) Gender wage gap (B) Share of female workers

Note: This figure shows how the cultural background of the foreign investor affects the gender wage gap and the gender composition of the subsidiaries. Panel (a) shows the results of the estimation Equation (4) in which the dependent variable is the logarithm of the daily wage and the independent variables are dummies indicating the type of the foreign investors by using the foreign firm categorization described in Section A.2. The control variables are age and its square, tenure and its square, county-year, occupation-, worker-, and firm-specific fixed effects, and time-varying firm characteristics (such as the logarithm of employment, sales revenue, and an indicator for export activity status). Panel (b) shows the results of the estimation of Equation (3) by using the foreign firm categorization described in Section A.2, in which the dependent variable is the share of female workers in the firm and the independent variable shows the cultural norm in the investor's society. The control variables are year- and firm-specific fixed effects, and time-varying firm-level controls (such as the logarithm of the number of employees, the logarithm of the sales revenue and an indicator for export activity status). The bars show 95% confidence intervals. Standard errors are clustered at firm level.

C.3. Part-time workers

The main analysis was initially conducted using a restricted sample of full-time employees, defined as those working more than 36 hours per week. In this section, I extend the analysis by including part-time workers in the regression sample. I re-estimate Equation (1) and (4), this time using daily wages adjusted for working hours as the dependent variable, while keeping all other aspects of the specification unchanged. I also re-estimate Equation (3) and (5) by including part-time workers in the sample. The findings remain consistent with the original results, indicating robustness to this sample expansion (see Table C.18 and Table C.19, and Figure C.5).

TABLE C.18. The effect of FDI on the gender wage gap by including part-time workers

	(1)	(2)	(3)	(4)
Foreign	0.444***	0.435***	0.061***	0.046***
	(0.015)	(0.013)	(0.009)	(0.007)
Female	-0.095***	-0.096***	-0.089***	
	(0.005)	(0.005)	(0.002)	
Foreign*Female	-0.109***	-0.111***	-0.065***	-0.044***
	(0.014)	(0.012)	(0.005)	(0.002)
Divestment	0.140***	0.135***	0.016	0.021*
	(0.020)	(0.018)	(0.014)	(0.011)
Divestment*Female	0.007	0.003	-0.029***	-0.036***
	(0.016)	(0.015)	(0.011)	(0.006)
Constant	7.657***	7.696***	7.854***	8.794***
	(0.015)	(0.014)	(0.011)	(0.011)
Observations	12,794,019	12,794,019	12,794,019	12,794,019
R-squared	0.507	0.533	0.768	0.919
Year	Yes	Yes	Yes	Yes
Mincer	Yes	Yes	Yes	Yes
Occupation	Yes	Yes	Yes	Yes
Industry	No	Yes	No	No
FirmFE	No	No	Yes	Yes
WorkerFE	No	No	No	Yes

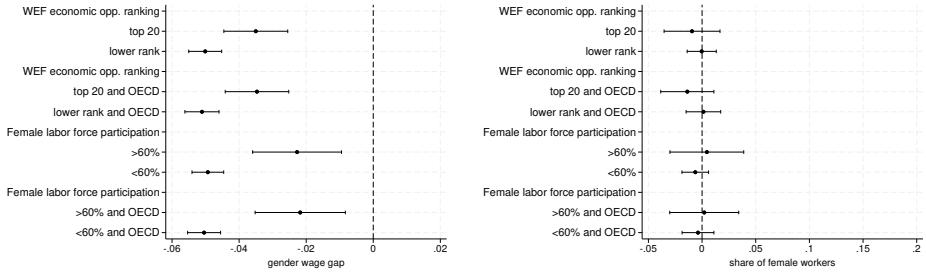
Note: This table shows the foreign-domestic difference in the gender wage gap by including part-time workers. It replicates Table 1 but includes part-time workers in the regression as well. In particular, it shows the parameter estimates of Equation (1) in which the dependent variable is the logarithm of daily wage corrected for working hours and the variables of interest are the gender of the worker, whether the firm is foreign-owned, and the interaction of the two. In addition, a dummy is included in the model for post-divestment periods, and its interaction with gender. The control variables in column (1) are year- and occupation-specific fixed effects, age and its square, tenure and its square, and skill-level dummies. In column (2), the list of control variables is extended with 1-digit industry category dummies. In column (3), I include firm-specific fixed effects in the model. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. In the last column, I include worker-specific fixed effects in the model. This specification does not allow the identification of the parameter of the *Female* dummy. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$

TABLE C.19. The effect of FDI on the gender composition of the workforce by including part-time workers

VARIABLES	(1)	(2)	(3)
Foreign	0.065***	0.048***	-0.001
	(0.003)	(0.003)	(0.004)
Divestment	0.047***	0.021***	-0.004
	(0.006)	(0.005)	(0.005)
Constant	0.374***	0.377***	0.383***
	(0.001)	(0.001)	(0.001)
Observations	759,558	759,558	759,558
R-squared	0.004	0.174	0.788
Year	Yes	Yes	Yes
Industry	No	Yes	No
FirmFE	No	No	Yes

Note: The table replicates Table 2, but with part-time workers included, and shows the foreign-domestic difference in the gender composition of the firm. In particular, it shows the parameter estimates of Equation (3) in which the dependent variable is the share of female workers in firm j at time t. The main variable of interest is the foreign ownership dummy. I include a dummy indicating post-divestment years. The control variables in column (1) are year fixed effects. In column (2), the list of control variables is extended with 1-digit industry dummies. In column (3), I also include firm-specific fixed effects. A firm's industry is determined by the mode of the industry codes it reported in its balance sheets. Therefore, industry dummies are not identifiable under firm-fixed effects. Standard errors are clustered at firm level. $***p < 0.01, **p < 0.05, *p < 0.1$.

FIGURE C.5. Cultural heterogeneity in the gender wage gap and in the gender composition of the workforce by including part-time workers in the analysis



(A) Gender wage gap (B) Share of female workers

Note: This figure shows how the cultural background of the foreign investor affects the gender wage gap and the gender composition of the subsidiaries. Panel (a) shows the results of the estimation of Equation (4) by including part-time workers in the regression. The dependent variable is the logarithm of the daily wage corrected for working hours and the independent variables are dummies indicating the type of the foreign investors by using the foreign firm categorization described in Section A.2. The control variables are age and its square, tenure and its square, county-year, occupation-, worker-, and firm-specific fixed effects, and time-varying firm characteristics (such as the logarithm of employment, sales revenue, and an indicator for export activity status). Panel (b) shows the results of the estimation of Equation (3) by including part-time workers in the analysis. The dependent variables is the share of female workers at the firm and the independent variables shows the cultural norm in the investor's society by using foreign firm categorization described in Section A.2. The control variables are year, firm-specific fixed effects, and time-varying firm level controls (such as the logarithm of the number of employees, the logarithm of the sales revenue and an indicator for export activity status). The bars show 95% confidence intervals. Standard errors are clustered at firm level.