

THE IMPACT OF FOREIGN DIRECT INVESTMENT ON THE DEVELOPMENT OF WOMEN'S ENTREPRENEURSHIP

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Abstract: *This paper examines the impact of foreign direct investment on the important component of social development, women's entrepreneurship. Promoting gender equality is one of the United Nations Millennium Development Goals, which advocates for the reduction of women's unemployment as well as their empowerment. The country of Turkey was taken as an example, for the reason that there has been an increase in women's entrepreneurial activity in the last two decades, but it is still not at a level of entrepreneurial development in developed countries. The paper pays special attention to the answer on the question of whether foreign direct investment contributes to higher employment of women in Turkey, as well as to identify the obstacles that stand in the way of women's empowerment and the development of women's entrepreneurship. The practical examples described in the paper unequivocally indicate the importance of the development of women's entrepreneurship, as well as the fact that the bearers of Turkey's economic policy in the future must pay more attention to the issue of attracting foreign direct investment.*

Key words: *cross-border investments, women entrepreneurs, gender equality, empowering women for business.*

1. INTRODUCTION

The emergence of globalization marked the end of a period in which most countries in the world

functioned within a closed economic system. In that system, the state maximally supported domestic companies without too much need for foreign companies that would bring fresh capital from their home countries. In the mid-1980s, along with the liberalization of economic flows, there was an increase in the mobility of capital between countries, and an increase in international integration of production. These events directly affected the growing need for foreign direct investment. This fact is especially true for developing countries that had difficulties in achieving their development goals due to insufficient capital accumulation. Although developed countries have the largest share of foreign direct investment in the world, many developing countries have managed to take advantage of this share in recent years by offering opportunities such as tax cuts, taxes on infrastructure services to foreign companies. The idea of increasing the share of foreign direct investment among developing countries has further increased competition between these countries.

It is known that foreign direct investment (FDI) enables transfer of capital, technology, control and managerial knowledge, and skills to host countries. Thus, they have positive impact on economic development, which is manifested through an increase in the productivity of domestic local companies, facilitating the mobility of human capital in them, as well as the transfer of knowledge and reducing the unemployment rate. The link between foreign direct investment and female entrepreneurship has not yet been fully

explored in theory and practice, despite the fact that the female population has an increasingly important role to play in managing the world economy. Accordingly, the role of women entrepreneurs is becoming increasingly important in the field of achieving economic growth in countries, increasing employment and creating companies that are performing cross-border activities are recognizable by their marketing approach and production.

In this paper, the following key questions are stated: whether foreign direct investment has reduced gender disparities by increasing the employment of the female population; another research question relates to whether cross-border investment has brought with them well-paid jobs to the host country and influenced the growth of wages of the local population. Accordingly, the roadmap for the enrichment of countries in the world, and thus the achievement of these goals, means activating the untapped potential and creating new business ventures by encouraging women's entrepreneurship.

Accordingly, the paper is structured as follows. After introductory considerations, the first part of the paper reviews the empirical literature that studies the relationship between foreign direct investment and female entrepreneurship. The second part of the paper describes the dynamics of foreign direct investment inflow on the example of Turkey, while the third part of the paper points out the role of foreign direct investment in reducing gender disparities in developing countries with a special focus on Turkey. In the last part of the paper, concluding remarks are given.

2. REVIEW OF THE LITERATURE ON THE RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENT AND WOMEN'S ENTREPRENEURSHIP

During the last two decades, with the process of globalization, there has been an increase in the international mobility of capital, which has led to an increase in the inflow of foreign direct investment. The flow has multiplied, from 8% of gross domestic product in 1990 to 72% of gross domestic product in 2018 (Fang et al., 2019). That cross-border investment is becoming increasingly important in developing countries for additional capital from abroad to achieve their development goals. In this context, key innovations in the national investment policies of these countries, according to (Durgan, 2016), are the following: (1) incorporating investment policies towards achieving sustainable development goals, (2) integrating investment policies into countries'

development strategies, and (3) providing guarantee in the direction of harmonization and efficiency of applied investment policies. Within these goals, those related to sustainable development and environmental protection are specially emphasized. Over the last two decades, developing countries have resorted to adopting new, more liberal policies towards foreign direct investment that would enable their greater inflow and ensure the achievement of sustainable development goals.

The currently available literature has mainly dealt with the issue of measuring the economic effects of foreign direct investment on host countries, such as spillover effects on the performance of domestic enterprises and the effects of redistribution of the investment on market composition. At the same time, the effects of the investment on social development have been largely neglected. Proper measurement of the effects of the investment requires considering the growth of these countries as important component of economic development. Women's entrepreneurship is an integral part of it, bearing in mind that it is increasingly advocating the promotion of gender equality through the empowerment of women and the improvement of their status in a society.

This is one of the significant goals set by the United Nations within the Millennium Development Goals. Encouraging the development of women's entrepreneurship by increasing women's employment is becoming an effective strategy for reducing poverty.

Foreign direct investment is an important determinant of women's entrepreneurship. It can influence women's entrepreneurship through several channels. First, foreign direct investment can help social norms to be transferred by means of the transfer of knowledge to a host country and its industry. In addition, foreign direct investment can cause a crowding-out effect on women's entrepreneurship that occurs as a result of women's insufficient access to key resources for starting an entrepreneurial activity. Thus, it is important to consider how foreign direct investment affects women's entrepreneurship.

There are significant empirical results concerning the relationship between foreign direct investment and female entrepreneurship. In (Dalgic et al., 2016), the authors examine the relationship between foreign direct investment and women's employment in the service sector in Turkey. For the purposes of the analysis, data at the company level during the period 2003-2012 were used to

analyse the effects of investment on women's employment. The results indicate that foreign direct investment contributes to job creation, elimination of gender inequality and higher employment of women. At the same time, the effect of inflow on women's employment is stronger in sectors with high wages than in sectors with low wages. In addition, the impact of the investment is more pronounced in sectors where knowledge plays key role in achieving higher employee productivity. The authors point out that priority should be given to those policies that indicate the importance of directing foreign direct investment in human capital, which would increase women's education by organizing various training programs and enacting legislation that would enable their higher employment.

In (Helble and Takeda, 2020), the authors analyse the effects of foreign direct investment on the labour market in Cambodia. For the purposes of the analysis, the authors used data on the employment of women and men in the clothing sector being significant manufacturing sector. The paper examines whether foreign direct investment contributes to the increase in wages of employees in observed sector and reduction of the gap in their salaries. The results indicate that foreign direct investment inflow affects the increase of salaries of employees in the clothing sector. One reason for their increase could be that foreign companies are generally more productive compared to domestic companies. On the other hand, the authors point out that the investment does not contribute to reducing disparities in employee salaries. Government policy in the future must be oriented towards achieving gender equality and economic empowerment of women. This can be achieved by encouraging foreign companies to give equal salaries to corresponding employees.

Despite the fact that foreign direct investment has positive effect on employment rates in developing countries, the question of their effect on the participation of women in the labour force arises. This issue was addressed in (Cetin, 2019), where the author analysed possible impacts of foreign direct investment on participation of women in the labour force in developing countries.

The ARDL technique was used in the analysis, taking into consideration the period 2001-2016. The results indicate that factors such as gross domestic product, women's education levels and urbanization play key roles in increasing female labour force participation in analysed countries. In addition, the results of the ARDL panel indicate that increased inflow of foreign direct investment has a positive and statistically significant impact

on female labor force participation in emerging markets. The attention of economic policy makers in the future must be focused on reshaping national employment policies that would take more account of the effects of foreign direct investment on the participation of women in the labor force. This can be achieved through a change in monetary and fiscal policy and provision of various tax incentives to foreign investors.

In (Bui et al., 2018), the authors analyse the relationship between gender inequality and foreign direct investment on the example of 27 Asian Pacific countries. In fact, they examine the factors that affect the inflow of foreign direct investment and the way in which gender inequality affects their inflow in analysed countries during the period 1992-2011.

Gender inequality refers to discrimination against women in multidimensional aspects of human development. The issue of gender equality encompasses four important aspects: health, education, economic and legal policy. For analysis purposes, the authors used an agglomeration model. The results indicate that market size, infrastructure and institutions play an important role in attracting foreign direct investment in considered countries. In addition, the authors point out that gender inequality, described by four aspects, affects the attraction of foreign direct investment in analysed countries.

In (Cheng Lai and Sarkar, 2017), the authors examined the effects of Taiwanese legislation on gender equality, i.e. employment outcomes of male and female labor force in industries with different inflow of foreign direct investment.

To assess the employment outcomes, indicators such as working hours, employment opportunities and earnings of male and female labor force were used. The results indicate that the provisions of the Law on Gender Equality had different effects on the employment outcomes of male and female labor in different industries. More specifically, there has been a stricter application of these provisions in industries with higher inflow of foreign direct investment. This had the effect of shortening working hours and increasing the wages of female workforce.

3. RECENT TRENDS FOR FOREIGN DIRECT INVESTMENT FLOW IN TURKEY

Competition between countries in a globalized economy has strengthened the role of foreign capital in bridging the gap between domestic

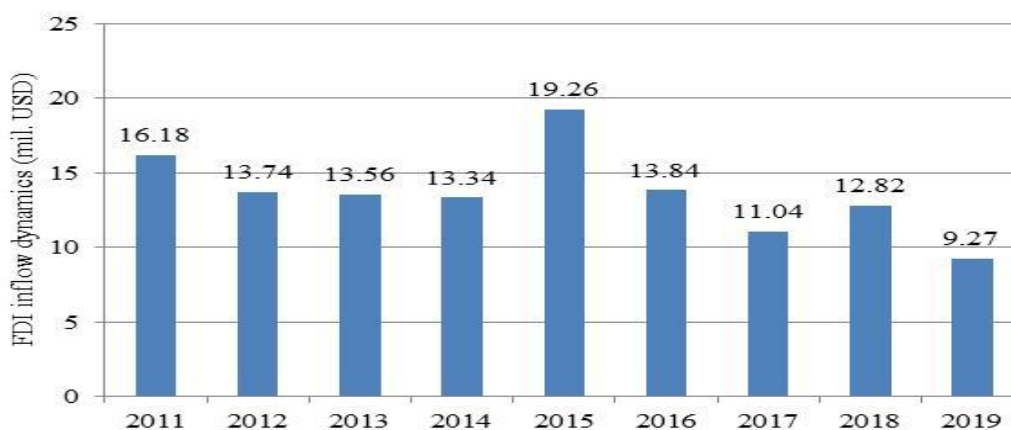
savings and investment, creating new jobs, improving productivity, and securing tax revenues (Anyanwu, 2012). Cross-border investment has become important in the context of global economic growth of Central and Eastern European countries in the process of their integration into the world economy. This process began during the 1990s when these countries embarked on the path of transforming their systems and breaking with the old system. The inflows of foreign direct investment play a significant role in the construction of modern Turkey, and this statement dates back to the distant past from the period of the Ottoman Empire (Yavan, 2006).

The Turkish government has made a lot of efforts over the last four decades to establish Turkey's political and economic stability, and to pave the way for the country to attract foreign capital. In that sense, the year 2003 is especially important, in which certain amendments to the Law on Foreign Direct Investment were adopted and the following changes are included (Polat, 2018): (1) defining foreign direct investment in accordance with

internationally recognized standards; (2) removing sectoral restrictions on foreign investment; (3) providing opportunities for foreign companies to dispose their own assets; (4) enabling foreign companies to return their profits to home countries; (5) the abolition of unjust expropriation; (6) granting foreign companies equal rights as domestic companies; (7) the abolition of minimum capital limit that companies must own and additional requirement of liability from them in the field of performance. The law removed a bureaucratic hurdle that made it difficult for multinational corporations to invest their foreign capital in Turkey.

The total amount of foreign direct investment that arrived in Turkey in the last four decades exceeded the amount of 15 billion dollars. In the same period, the number of foreign companies operating in its territory with its capital increased from 5600 in 2002 to 52800 in 2019 (Polat, 2018). In the following text, Figure 1 shows the inflow of foreign direct investment in Turkey in the period 2011-2019.

Figure 1. Dynamics of FDI inflow in Turkey, 2011-2019 (in billions of USD)



Source: Türkiye Cumhuriyet Merkez Bankası

It is clear that FDI inflow into Turkey have been uneven over the years. Their largest inflow was in 2015 and amounted to 19.26 billion dollars.

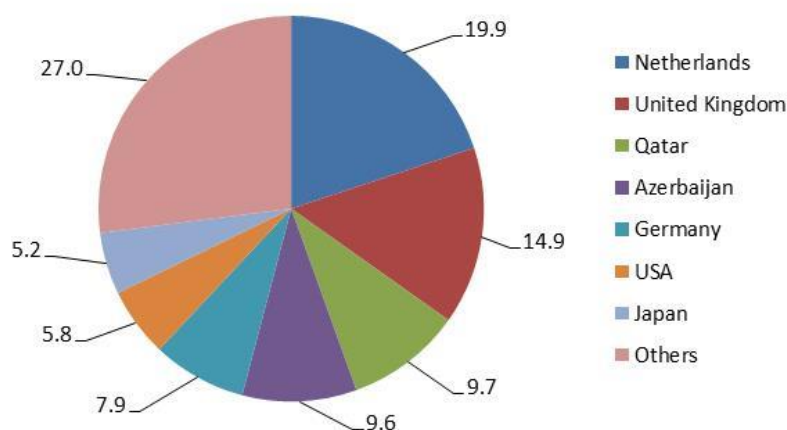
On the other hand, the lowest FDI inflow was recorded in 2019 and amounted to 9.27 billion dollars, incomparably less than in the previous year, and especially in relation to 2015. The least oscillations in the FDI inflow were from 2013 to 2014.

Looking at the countries of origin from which companies with international capital originate, during the last four decades, most cross-border

investments in Turkey have been undertaken by companies from the European Union, and the least from those originating from countries on the African continent (Ilgazi, 2019).

As shown in Figure 2, among the countries of the European Union, in 2019, the Netherlands leads in the number of companies that have invested in Turkey (19.9%), the United Kingdom is in the second place with 14.9%, followed by Qatar (9.7%), Azerbaijan (9.6%), and Germany (7.9%). From other countries from other continents, the USA (with 5.8%) and Japan (with 5.2%) stand out.

Figure 2. Overview of leading countries from which foreign investors come to Turkey in 2019 (in %)



Source: Türkiye Cumhuriyet Merkez Bankası

4. THE ROLE OF FDI IN REDUCING GENDER DISPARITIES: THE EXAMPLE OF TURKEY

Despite the efforts of economic policy makers and international organizations to encourage economic growth by encouraging entrepreneurial activity and business start-ups, female entrepreneurship has been neglected in the academic literature. It was exclusively preoccupied with issues related to the development of male entrepreneurship, without a broader consideration of women's participation in entrepreneurial activities. The increase in the interest of academic literature in women's entrepreneurship dates back to the mid-90s of the previous century, along with increasing role of women in the entrepreneurial sector (Radović-Marković, 2015).

Recent research has indicated the existence of inequalities between women and men in entrepreneurial activity. In this sense, there are still gender pay gaps, with the male population still having higher incomes than women. In addition, gender differences also exist in terms of employment opportunities. The female population encounters restrictions in the field of starting and running a business, and this stemmed from the restrictions that society additionally imposed on women when engaging in entrepreneurial activity. Obstacles faced by women in their entrepreneurial activities are (Soysal, 2010): (1) difficulties in finding capital; (2) the traditional belief and pressure of society; (3) gender-based discrimination; (4) discrimination in employment, promotion and remuneration; (5) social status and lack of communication; (6) obstacles caused by law; (7) gender-based stereotypes (insufficient

security, lack of experience, expectation of failure in business ventures), (8) low level of education; (9) role conflict; (10) time constraints; (11) social and health problems; (12) social problems that prevent women from devoting themselves more to business life.

Throughout history, the female population has participated in economic activities under different conditions depending on the characteristics of the society in which they have lived. This trend is especially intensified with the process of industrialization. Over time, women became more and more involved in the business world, which was once open only to the male population, and constantly struggled to gain power, authority and position in it. Changes and new values in this field have occurred with the process of globalization, which is the main cause of women's empowerment in business life. Empowerment is a process in which women have the opportunity to organize, dispose of the resources they need and control (Birkner et al., 2018). Resources play a key role in profiling the process of women's empowerment and give them the opportunity to formulate strategic choices and make decisions that affect their business outcomes. Accordingly, economic policy makers, especially in developed western countries, are taking significant steps to enact legislation, prepare incentive programs, and implement institutional changes to increase women's participation in entrepreneurial activities.

Speaking of women's rights, this issue has become increasingly important. It is considered as main driving force of economic growth in countries. In this sense, by securing women's rights, countries strive to achieve internal stability and prosperity.

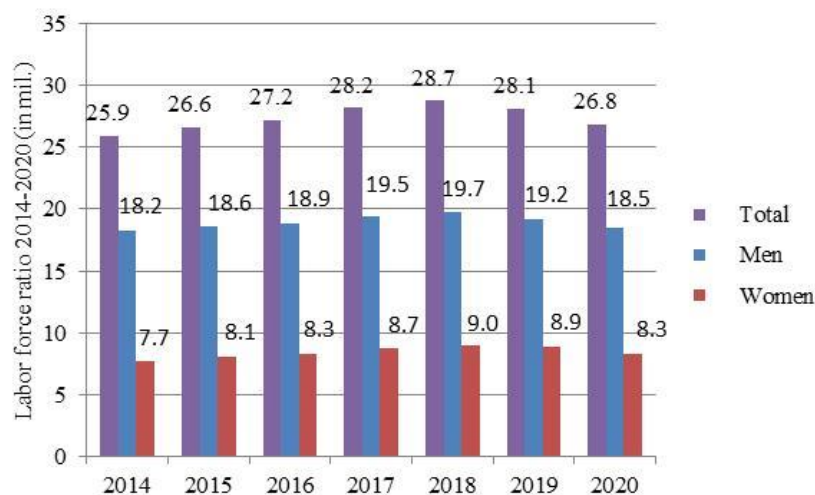
Foreign direct investment has a significant role to play in ensuring satisfactory economic growth. They represent the main channel of international technology transfer and a tool for improving growth factors and financial deficits of countries. Accordingly, the creators of economic policies of countries are increasingly recognizing their importance in ensuring satisfactory economic growth and strive to create such an investment environment that will be suitable for their attraction.

Competition among countries in the global economy, together with free mobility of capital in the form of foreign direct investment, requires the application of technology which in turn requires the possession of capital, control and managerial knowledge and skills. Technology transfer is a spillover channel through which foreign direct investment affects gender inequality (Oogu, 2021). The effects of foreign direct investment on gender inequality depend on global and local conditions, i.e. those that predominate in a host country. They include government policies, cultural norms, disposal of necessary resources, etc. Speaking of the effects of foreign direct investment on gender inequality, certain indicators are used for this purpose, such as (Oogu, 2021): (1) percentage of women in the total labor force; (2) gender pay gap; (3) percentage of women in management positions;

The inflow of foreign direct investment is very important for Turkey as a developing country. Turkey, as a candidate country for membership in

the European Union, has made a lot of efforts to provide a stable economic and political environment to become a safe destination for foreign investment. The global trend of multinational corporations pursuing socially responsible policies is to increase the percentage of women in the total workforce through their employment. Such a trend is also present in foreign corporations investing the capital in Turkey. However, there are conflicting views among theorists as to whether multinational corporations really contribute to greater participation of women in the overall workforce. For example, in (Coniglio et al., 2015), the authors examine the difference between multinational corporations and local companies in Vietnam in terms of employment of the female population and their earned earnings. The results they obtained indicate that although multinational corporations provide a greater opportunity to employ unskilled women in the labor force compared to domestic local enterprises, their earnings are lower than those in domestic local enterprises. On the other hand, in (Kis-Katos et al., 2018), the authors found the existence of positive effects of foreign direct investment on women's employment on the example of Indonesia. It was pointed out that there is a positive link between foreign direct investment and women's employment in the agricultural sector, and a negative one in the manufacturing and tourism sectors. The results for Turkey are shown in Figure 3 presenting the ratio of women and men aged 15-64 in the total labor force in 2014-2020.

Figure 3. The ratio of women and men aged 15-64 in the total workforce in 2014-2020 (in millions)



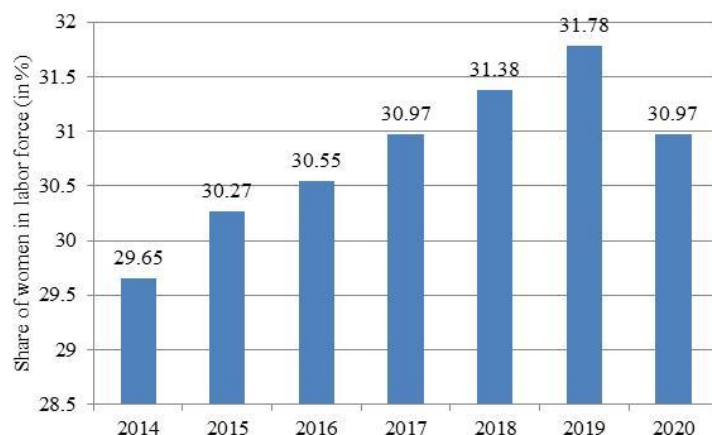
Source: Turkiye istatistik kurumu (2020), available at: <https://data.tuik.gov.tr/>

As shown in Figure 3, it is clear that the number of female and male population in the total labor force was different in the observed time period. In 2018, the number of male population was the highest (19.7 million) in the total labor force and the lowest in 2014 (18.2 million). On the other hand, the participation of women in the total labor force

was the lowest in 2015 (8.1 million), and the highest in 2018 (9.0 million).

Further, it is important to consider the percentage share of women in the total labor force of Turkey between 2014 and 2020.

Figure 4. Percentage of female population aged 15-64 in the total labor force between 2014 and 2020.



Source: Turkiye istatistik kurumu (2020), available at: <https://data.tuik.gov.tr/>

The percentage of women’s participation in the total workforce varies by year, as shown in Figure 4. The highest percentage was in 2019, amounting to 31.78%, and the lowest in 2014, only 29.65%. These data coincide with the statement that foreign direct investment has a positive effect on gender inequality through a higher representation of women in the total labor force, and this has been clearly shown in Turkey.

found that the participation of women in the total workforce employed in multinational corporations is higher, compared to their participation in local domestic companies of similar size operating in the same sector (Kodama et al., 2018).

Multinational corporations are known to nurture methods that improve the work environment for their employed workforce (Fang et al., 2019).

Looking at countries in the world, we notice that women’s participation in management positions varies, as shown in Table 1. It can be noticed that in Russia there was the highest rate of participation of the female population in 2019, observing the aspect of management in foreign companies.

In this sense, foreign direct investment has a positive impact on women’s employment by offering flexible working arrangements, teleworking and childcare subsidies. This can best be described by the example of Japan, where it was

After Russia, the USA stands out in second place according to this indicator with 40.9%. However, in Turkey the percentage of women in management positions in foreign companies was 17.5% in 2019, which is significantly less than in Russia and the United States.

Table 1. The share of women in management positions in selected countries in the world in 2019 (in %)

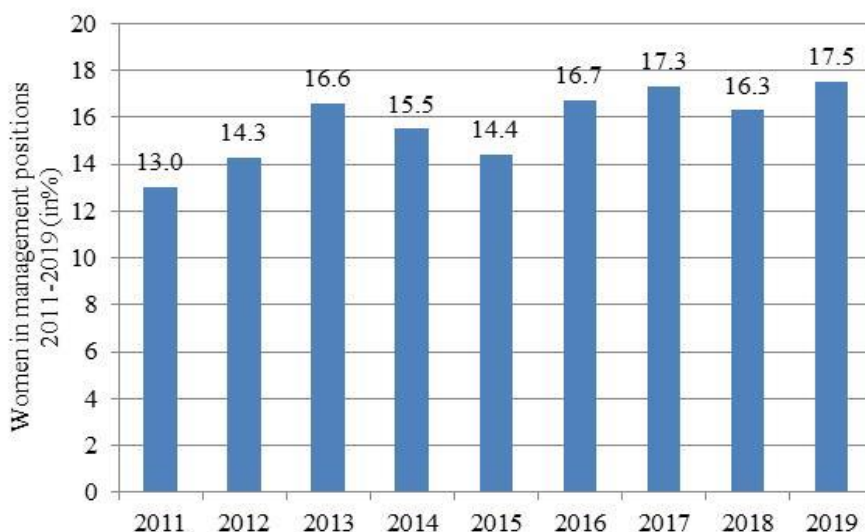
Country	Russia	USA	Brasil	Sing.	Austr.	Mex.	G.B.	Fra.	Tur.
Share (%)	42	40,9	38,6	37,1	35,5	35,5	34,9	34,2	17,5

Source: Turkiye istatistik kurumu (2020), available at: <https://data.tuik.gov.tr/>

Figure 5 shows the percentage share of the female population in management positions in foreign companies between 2011 and 2019.

As we can see, their participation was different in the observed period. The highest percentage was in 2019 (17.5%), and the lowest in 2011 (only 13.0%).

Figure 5. Women in management positions in Turkey between 2011 and 2019 (in %).



Source: Turkiye istatistik kurumu (2020), available at: <https://data.tuik.gov.tr/>

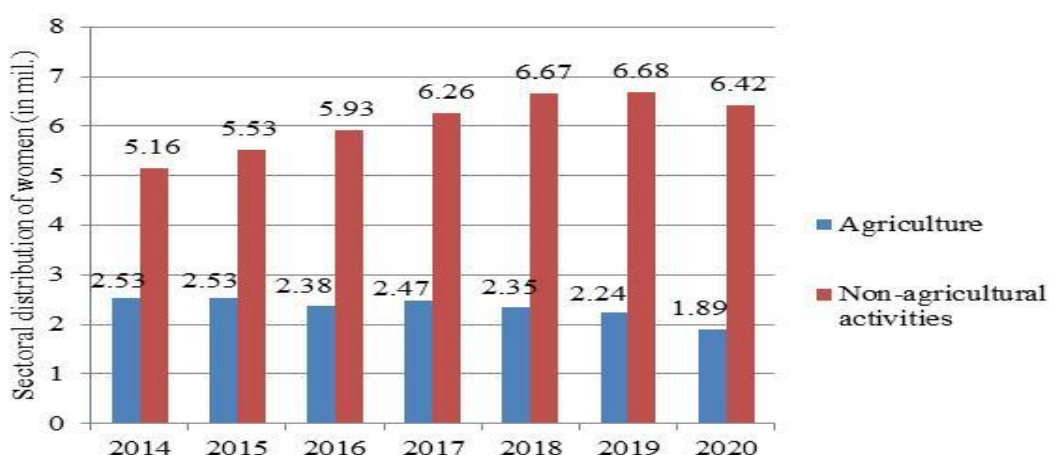
Analyses shown that socially responsible business of foreign investors who invest or have multiple stakes in corporations, encourages the advancement of women in management positions in their careers (Tanaka, 2015). This can best be described by the example of Japan, where corporate social responsibility norms facilitated the advancement of women in management positions.

At the end of the presentation of foreign direct investment effects on gender inequality and women's entrepreneurship, we will look at the

sectoral distribution of the female population on the example of Turkey between 2014 and 2020.

As clearly shown in Figure 6, sectoral distribution of women aged 15 to 64 was uneven in the observed period. In the agricultural sector, most women were employed in 2014 and 2015 (2.53 million), and the least in 2020 (only 1.89 million). Looking at non-agricultural activities, most of them were employed (6.68 million) in 2019, and the least employment was in 2014, only 5.16 million.

Figure 6. Sectoral distribution of women aged 15-64 between 2014 and 2020 (in millions)



Source: Turkiye istatistik kurumu (2020), available at: <https://data.tuik.gov.tr/>

CONCLUSION

As a result of economic changes in the world during the 80s of the previous century, liberalization and free movement of capital between countries occurred. Cross-border investment has become increasingly important, especially for the capital needs of underdeveloped and developing countries. They bring with them much-needed capital, technology, new approaches to investment management in countries. In this way, they affect the economy of the host country in several ways. In particular, cross-border investment is used as an effective tool in combating unemployment and reducing gender disparities in developing countries. Nowadays, female population is increasingly participating in business life. In this regard, increasing the participation and efficiency of women in everyday business activities is considered very important both for themselves and for society as a whole. A more educated, determined and ambitious attitude of a woman enables her to strengthen her economic independence and position in society and less dependence on men. The factor that helps them realize this power is their entrepreneurial orientation. Through entrepreneurial activity, women, on the one hand, realize moral and material benefits, and on the other hand, they have the opportunity to turn prejudices about gender discrimination in their favor through greater independence, financial opportunities, care for family and society. This paper points out the importance of foreign direct investment in reducing gender disparities in developing countries, with special emphasis on Turkey, taking into consideration that there is limited literature dealing with this issue. In this sense, this paper can serve economic policy makers to better understand and articulate the different characteristics of women entrepreneurs and their entrepreneurial ventures through the provision of various forms of support in the form of incentive programs.

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future generations and reforms in health and education. Achieving the goals of these countries exceeds their own capacities and resources in a rapidly globalizing world. Although developed countries have the largest share of foreign direct investment in the world, many developing countries have managed to take advantage of this share in recent years by offering opportunities such as tax cuts and exemptions, market priorities and infrastructure services to foreign companies. The idea of increasing the share of foreign direct investment among developing countries has further accelerated competition between these countries. The growth and prosperity of any economy largely depends on dynamic entrepreneurial activity. However, with the fall of the communist regime, inequalities between men and women became more apparent in the former communist countries. Discrimination in pay, employment and promotion continues to exist in transition countries, and this may encourage women to engage in entrepreneurial activity. In addition, foreign direct investment can provide employment opportunities for women job seekers, especially in developing and underdeveloped countries with patriarchal tendencies. Indeed, studies show that foreign investment can reap the benefits of cost reductions in the host economy through access to local labor relations and resources. Employment of local people in underdeveloped regions can significantly reduce operating costs of production.

SUMMARY

Foreign direct investment has become desirable not only at the level of individual companies, but also at the level of developing countries with an economic and development-oriented perspective, such as technology transfer, job creation, export support and current account deficit financing. In this regard, countries have entered global competition to attract as much foreign direct investment as possible. The economic growth and development achievements of developing countries depend on increasing investment, increasing the share of exports worldwide, creating areas for productive employment, strengthening technological development, nature protection for