

## Connections between the Concepts of Equality and Non-Discrimination and Foreign Direct Investments

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**Abstract:** The purpose of the paper consists in introducing the concepts of equality and discrimination. Also, the author presents the economic implications of these concepts and their interdependencies with foreign direct investments. The research methods used consist in comparative analysis in time and space, qualitative and quantitative evaluations, interpretations and correlations. The analysis shows that women's participation in the economic activity is important not only for reasons of fairness, but also as a strategic element. The undervaluation of the work of women and the improper use of their skills mean an inadequate allocation of resources, a loss of competitiveness. Another result refers to the fact that the equal treatment of men and women depends on the mentality, culture and traditions from the host country, but also on those from the country of origin of foreign direct investments companies. Due to the connection between companies and the equal opportunity concept, I consider that finding a solution to the equal opportunity problem should begin at the company level, beginning with the employee selection process to the remuneration, treatment, etc. I consider, that in Romania, one can try to solve the problem of poverty and, implicitly, of the equal opportunity, by drawing foreign direct investments towards the poorly developed regions.

**Keywords:** equal opportunity; gender equality; fairness; resource; work productivity

**JEL Classification:** F21; F23; J11; J16

### 1. Introduction

In this paper, the author introduces the concepts of equality and discrimination, and presents the economic implications of these concepts and their interdependencies with foreign direct investments (FDI).

The most frequently encountered types of discrimination refer to job discrimination of women and of persons with disabilities. There are two main forms of women discrimination at work: wage discrimination and professional segregation. Women's participation in the economic activity is important for reasons of fairness as well as

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a strategic element. The countries that do not use the talent of half of their population properly make an inefficient allocation of resources, have smaller growth and endanger their competitiveness.

The equal opportunity treatment depends on the mentality, culture and traditions from the host country as well as from the mother-country of the foreign direct investment company.

In general, the non-discriminating treatment based on gender, nationality, etc., is to the benefit of the company. A company should employ, promote and reward the value, the best working person, for the good performance of the company, for creating a positive working environment, because the optimal utilization of the human resources boosts productivity and competitiveness.

Despite the advantages brought about by gender equality, the companies take, nevertheless, into account, the fact that work productivity may be lower for women on the medium and long term (women's work can be interrupted by pregnancy, birth, caring for children). Therefore, the investments meant to improve the professional education may have lower yields for women.

However, I consider that the promotion of equal opportunity at any cost, is not beneficial for humanity. Women must have the right to work, to be paid fairly according to their work, at the same level with men, but they must not neglect their role of giving birth and growing children in favour of the career; otherwise mankind may find itself in the situation of excessive ageing or even drastic decrease of population.

Both at the European Union (EU) level and in Romania, there are many studies on equal opportunity, mainly due to the importance given to this topic in various strategies at the European level (the Lisbon Strategy, the European Strategy for Equality between Women and Men, etc.). The European Union and the member states have a comprehensive legal framework concerning equal opportunity.

The results of the studies conducted within the EU regarding the participation of women to the economic life, show that despite the significant progress achieved in terms of gender equality, women still face a high risk of social exclusion.

## **2. Conceptual Guide Marks Regarding the Equal Opportunity**

*Equal opportunity* is a concept which implies providing the full participation of every person to the economic and social life, irrespective of the ethnic origin, gender, religion, age, disabilities, sexual orientation, genetic characteristics, nationality, race, skin colour, political option, social origin, situation or family responsibility, affiliation or union activity.

A more gradual concept is the *gender equality* (equality between men and women), which implies equal visibility, responsibility and participation of both genders in all spheres of the public and private life, assigning the same value to “women work” and “men work”.

Gender equality presumes taking into consideration the different abilities, needs, roles and aspirations of the male and female persons, and their equal treatment.

Gender refers to the social differences between men and women, which are learnt and which change in time. These differences vary widely within a culture and among cultures. The gender is a conceptual instrument that enables analysing the roles, responsibilities, constraints, opportunities and needs of men and women within any context. The gender roles and needs are influenced by the class, age, race, ethnic group, culture, religion and by the geographic, economic and political environment. Within any social context, the gender roles can be flexible or rigid, similar or different, complementary or conflicting.

The *goal of gender equality* consists in increasing the standard of living of women and obtaining a balance between professional and private/family life.

Besides differences between men and women, there may also be differences within the same category in terms of socio-economic level, power of decision, etc.

Within this context, there is the concept of *discrimination*, which alludes to any difference, exclusion, restriction or preference on the basis of the criteria stipulated by the laws in force regarding equal opportunity. The criteria set by the Romanian laws are: race, nationality, ethnic group, language, religion, social category, convictions, gender, sexual orientation, age, handicap, non-contagious chronic disease, HIV infection, belonging to a disfavoured category. Any other criterion is taken into consideration, whose purpose or effect is to limit or deny acknowledgement, utilization or exertion, on equal bases, of the human rights and the fundamental freedom or of the rights acknowledged by the law, in the political, economic, social and cultural field, or in any other field of the public life. Discrimination is a form of marginalization.

*Direct discrimination* consists of the acts and facts of exclusion, difference, restriction or preference of a person, based on one or several criteria mentioned above, whose purpose or effect is to prevent, limit or dismiss the acknowledgement, utilization or exertion of the rights stipulated by the law, namely the different treatment of a person to her/his detriment.

On the other side, *indirect discrimination* reports to the application of stipulations, criteria or practices, seemingly neutral, but whose effects affect the people who fall within one of the criteria mentioned above, excepting the situation in which the application of the provisions, criteria or practices can be justified by objective factors, with no connection with those particular criteria.

The concept of *positive discrimination* applies to those special measures that are adopted temporarily in order to speed up the accomplishment of the equal opportunity between men and women, and which are not regarded as discriminatory actions.

A particular interest is given to the job discrimination of women, of sexual minorities and of persons with disabilities.

The researches distinguish two main forms of women discrimination at work:

- wage discrimination, when for similar work (in terms of quality and quantity), women are paid less,
- professional segregation, when women have limited access to specific professions (usually, more prestigious and better paid).

Among the most important reasons for women discrimination is the probability that the productivity of women employee to be lower (because women's period of work may be interrupted by marriage, birth and caring for children). Hence, companies prefer male applicants or, when they do employ women, they pay them less..

Women's participation in the economic activity is important not only for reasons of fairness, but as a strategic element. The states that do not use the talent of half of their population make an inefficient allocation of resources, have smaller economic growth and jeopardize their competitiveness.

In support of the equal opportunity, it is important that all members of the selection commissions make sure that their decisions are not affected by stereotypes of preconceived ideas, so that the selection process of the candidates relies on objective and professional criteria.

An observation regarding the gender equality is the idea that gender equality can be regulated on the labour market, but it is more difficult to do it at home. The mentality and traditions are more important at home.

In Romania, there are laws in force which support equal opportunity between men and women at work.

### **3. Equal Opportunity and the Direct Foreign Investments**

The equal treatment of men and women depends on mentality, culture and traditions from the host country. A foreign direct investment company which come from a country with high standards of social or/and educational culture will be more concerned with the problem of discrimination than the companies coming from a less developed country, where these elements are not considered significant. The existence of a low connection between the evolution of foreign direct investments inflows and the evolution of the host country's GDP implies that the impact of FDI

inflows on the organizational structure of the companies, implicitly of the branch, regional or national labour relationships may be insignificant.

So the implementation of policies which promote the access of women to a job in a foreign direct investment company depends on the existence of an organisational culture for supporting the gender equality and for acknowledging the added value brought by diversity. The attraction and valorisation of women's abilities should be understood as a competitive advantage for any organisation. In order to stimulate this culture, all the members of the organisation should benefit from a specific training on equal opportunity topics.

By supporting the improved education by attending training courses, the foreign direct investment companies can support the equal opportunities, if these training courses observe the principles of equal opportunity.

There are research papers which show that the promotion of equal opportunity and of diversity in companies may generate many *benefits* with positive effects in the following areas:

- diminishing costs – lower level of absenteeism and rotation within the company implies a sizeable reduction of the costs. The companies which know how to create a proper environment for the valorisation of women abilities will have advantage over those companies who don't respond adequately to the new market demands.
- selection and valorisation of talents – considering that women represent a large part of the talent existing on the labour market, the companies with the best advertising of their flexibility policy have the highest odds to draw and maintain these talents.
- marketing – because women have increasing purchasing power, the presence of women in a company allows it to respond better to larger and more diversified markets.
- innovation – many studies have showed that the organisations with similar shares of men and women are more innovating. Some companies organise strategically mixed teams to promote their creativity and to identify new solutions to old problems.
- flexibility – it is very profitable that the flexibility of the personnel policies improves the flexibility of the organisation within the process of adaptation to the changes on the market. A company which implements flexible, less standardized methods encourage its male and female employees to be more flexible with the customers.

In other words, promoting equal opportunity may help the enterprises to:

- recruit and maintain the best employees;

- establish a positive working environment and earn the trust of the employees;
- use as well as possible the human resources and thus improve productivity and competitiveness;
- have a better public image and a higher value of their shares, a large basis of satisfied clients. A company with clear internal procedures in this field, which doesn't tolerate acts of discrimination, is a model of good practice for other companies and has a better image.

Therefore, the non-discriminatory treatment based on gender, nationality, etc., is to the benefit of the company. A company should employ, promote and reward the value, the best working person, for the good performance of the company, for creating a positive working environment, because the optimal utilization of the human resources boosts productivity and competitiveness. In other words, the under-evaluation of women's work and the misuse of their skills generates a loss of resources for the company.

To see if the gender equality principles are observed within companies, the ratio of men to women employees should be monitored, and if there are professional or wage discriminations. The regional and national, urban and rural analysis can show whether the male employees are predominant or not and whether the higher male proportions have an objective reason (for instance, a region or country has mainly heavy industries, which means that the male employees will naturally be preponderant).

Thus, we can monitor an indicator such as the elasticity of the discrimination cases depending on the FDI ( $(\Delta \text{Discrim}/\text{Discrim}0)/(\Delta \text{FDI}/\text{FDI}0)$ ). Discrimination can also exist between the native population and foreign citizens, and between the employees with personal relations and those without. In the foreign direct investment companies, discrimination can originate from the foreign investors who can impose their culture and staff over that of the host country.

Another indicator is the evolution of the number of people in leadership positions (men, women, natives and foreigners), compared to FDI evolution, at the level of the branch, region or country. Also, the number of entrepreneurs (male or female, foreigners or natives) should be assessed at branch, regional or country level. A similar evaluation should be done between the rural and urban environment.

Another type of discrimination refers to the flexibility of the working time between full time and part time hours, associated or not to the gender of the employee. Certain cases of discrimination are hard to document, the statistics relying on surveys that show only the perspective of the respondent; if the respondent is a person from the management or even the owner of the company, he/she will not acknowledge any such deficiencies within the company.

The implementation of the following equality indicators (table 1) shows the degree of implementation of the equal opportunity plan within a company.

**Table 1. Equal opportunity indicators**

<b>Area of application</b>	<b>Basic indicators</b>
1. Equal opportunity policy	The existence of a culture of equality. The existence of a plan for equality. The existence of an organism responsible for the equal opportunity.
2. Communication, language, image	The internal communication of all aspects related to equality within the company. The existence of non-sexual guide on language and image.
3. Women representation	The distribution of men and women within the organisation. The percentage of women in leadership positions.
4. Remuneration and recruitment	The percentage of men and women by categories and level of payment. The average annual wage for men and women. The percentage of men and women with different types of contracts. The percentage of resignations and dismissals due to gender criteria.
5. Sexual harassment	The existence of an organism or person responsible for identifying, preventing and acting in situations of sexual harassment. The sensitization with the purpose to avoid sexual harassment and sexual attitudes from the persons in management positions or from the staff. The actions taken by the company to prevent, avoid and eliminate sexual harassment and sexual actions.
6. Conciliation of the work, family and private life	The existence of measures of conciliation: flexibility of working time and space. The existence of services allowing the accomplishment of this objective.
7. Physical conditions	The conditions of the working area for men and women. The arrangement of the working area (lockers, bathroom).

*Source: National Agency for Employment, Ghid pentru promovarea egalității între femei și bărbați pe piața muncii*

I consider that an impediment for the removal of the wage differences between men and women is the secret of payrolls. Thus, since wages are not known by employees, fair remuneration depends only on employers, on their commitment to the principles of gender equality.

Despite the advantages brought about by gender equality, the companies take, nevertheless, into account, the fact that work productivity may be lower for women on the medium and long term (women's work can be interrupted by pregnancy, birth, caring for children). Therefore, the investments meant to improve the professional education may have lower yields for women.

Due to the connection between the companies and the equal opportunity concept, I consider that finding a solution to the equal opportunity problem should begin at the

company level, be it a foreign direct investment or a local company, beginning with the employee selection process to the remuneration, treatment, etc.

#### **4. Equal Opportunity and Foreign Direct Investments in Romania**

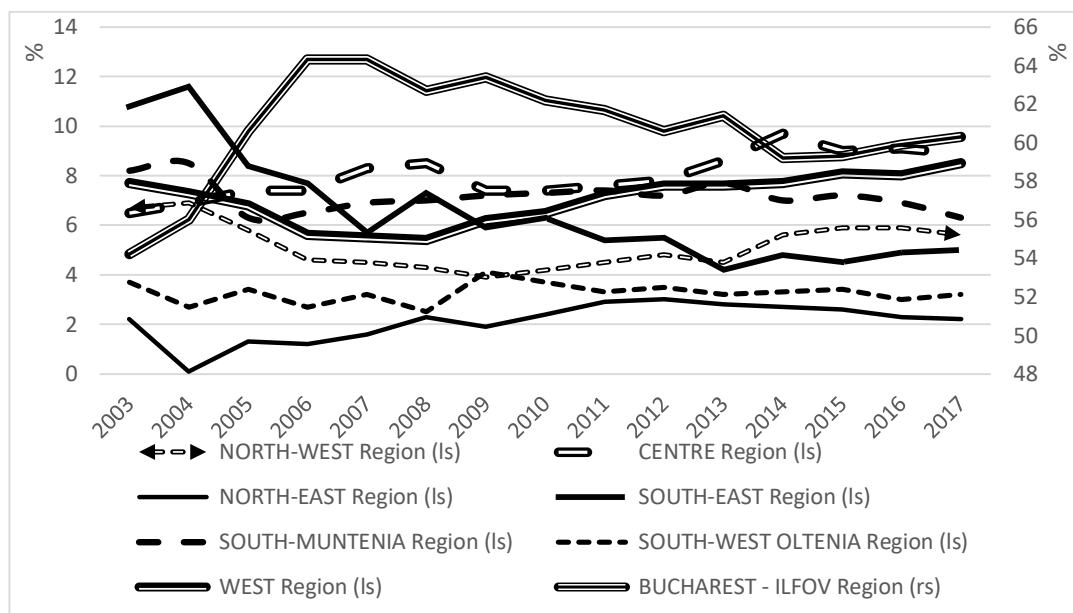
In Romania, over 60% of the foreign direct investments inflows come from the European Union (EU) member states. In the foreign direct investments companies coming from the European Union member states there are premises for gender equality treatment, given the campaigns throughout the EU to eliminate discrimination of any kind, the adopted strategies and regulations.

However, as it is known, there is a very large discrepancy between the regions in our country to which the inflows of foreign direct investments are heading. Hence, the promotion of equal opportunity through the foreign direct investment companies from the European Union is highly concentrated in Bucharest-Ilfov region (figure 1).

Almost all regions have a constant evolution. The exceptions are the Centre region, whose inflows of FDI within the total increase slightly all-over the period 2003-2016, and the South-East region where the inflows of FDI within the total FDI inflows in Romania decrease almost continuously (figure 1).

In this context, there are many situations in which gender equality treatment is not promoted and applied. Thus, in Dâmbovița County, the Territorial Labour Inspectorate discovered, at the beginning of 2015, 40 deficiencies in complying with the provisions of the law on equal opportunity for women and men. Among the most frequent deficiencies are the lack of provisions from the internal regulations banning gender related discrimination, the non-provision of disciplinary sanctions for employees who violate the personal dignity of other employees (by creating degrading, intimidating, hostile, humiliating or offensive environments through discriminatory actions), and not informing continuously the employees, by displaying in visible places, their rights in terms of equal opportunities and treatment.





**Figure 1. FDI inflows in Romania by regions in 2003-2017 (share in the total FDI inflows in Romania)**

*Source: National Bank of Romania data*

In 2017, the most disfavoured regions from Romania in terms of foreign direct investments were North-East (2,2%), South-West Oltenia (3,2%), South-East (5%) and North-West (5,6%). The same regions are also disfavoured as economic development (regional GDP within the total GDP) (table 2), except for North-West Region.

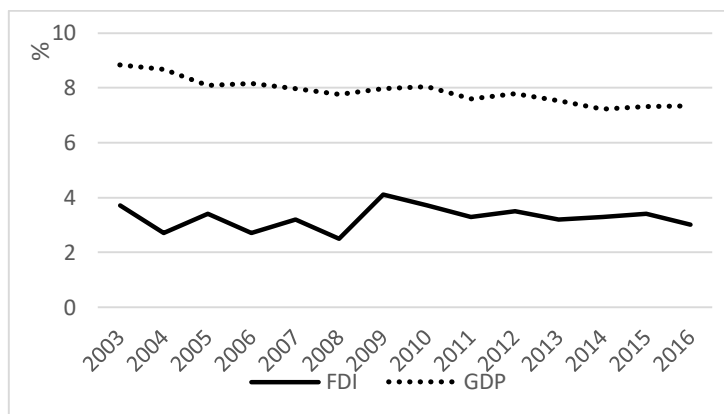
**Table 2. Foreign direct investments, GDP and the employed population, by regions of development in Romania, in 2016 (%)**

Region	Proportion of regional FDI within total FDI	Proportion of regional GDP within total GDP	Employed population in the region out of the total number of employees
North-West	5,9	11,50	14,04
Centre	9,1	11,05	12,46
North-East	2,3	10,06	13,42
South-East	4,9	10,70	11,36
South-Muntenia	6,9	12,28	13,18
Bucharest-Ilfov	59,9	27,68	16,35
South-West Oltenia	3	7,33	9,15
West	8	9,47	10,03

*Source: National Institute of Statistics, Eurostat and National Bank of Romania data*

Comparing the data on the employed population by region, we may see that the situation is rather uniform (table 2). A possible explanation may be unrecorded work force mobility and the people working in their own households.

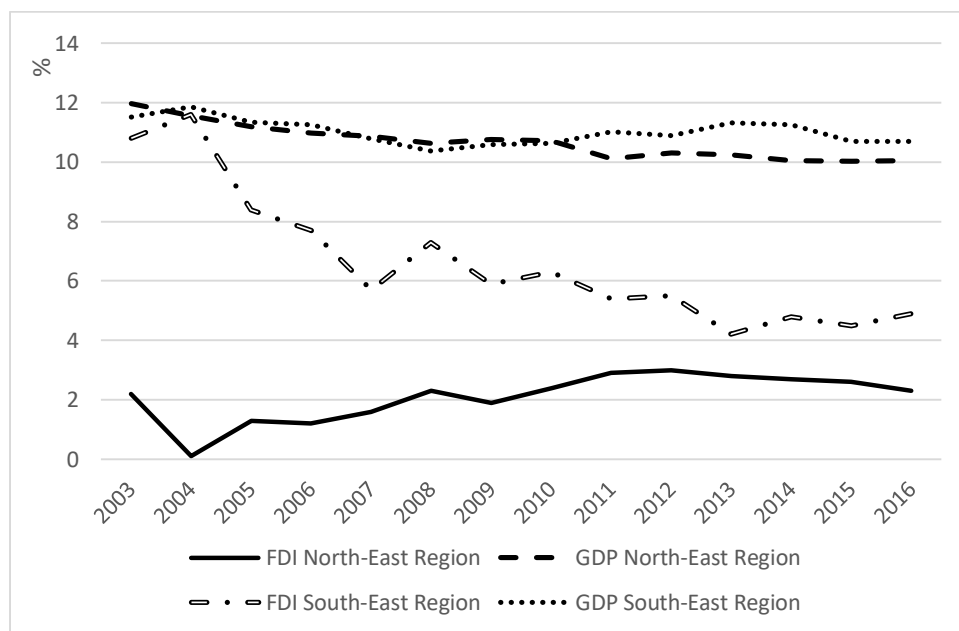
The low level of FDI in the South-West Oltenia region can explain partly the low rate of employed population. This region is also ranked last in terms of its share in total GDP, situation which can be explained both by low levels of employment and FDI inflows, and by low labour productivity. These purports are asserted by the evolutions brought about in figure 2. So, the share of this region's GDP within Romania's GDP is on a decreasing trend, while the share of FDI inflows is rather constant.



**Figure 2. FDI inflows and GDP in South-West Oltenia in 2003-2016 (share in the total FDI inflows, respectively in total GDP of Romania)**

*Source: National Institute of Statistics, Eurostat and National Bank of Romania data*

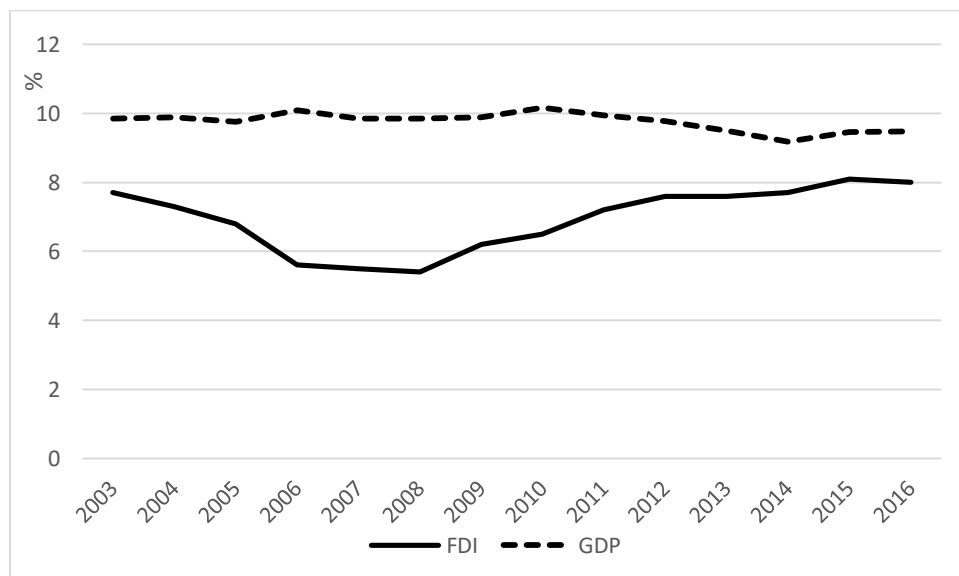
In the North-East region the FDI inflows are low and in the South-East region the FDI inflows are decreasing, and despite the higher percentage of the employed population, the contribution of these regions to GDP formation is rather low (figure 3). An explanation could be the low level of labour productivity in the case of the North-East region and the trend of the FDI inflows in the South-East region.



**Figure 3. FDI inflows and GDP in North-East and South-East regions in 2003-2016 (share in the total FDI inflows, respectively in total GDP of Romania)**

*Source: National Institute of Statistics, Eurostat and National Bank of Romania data*

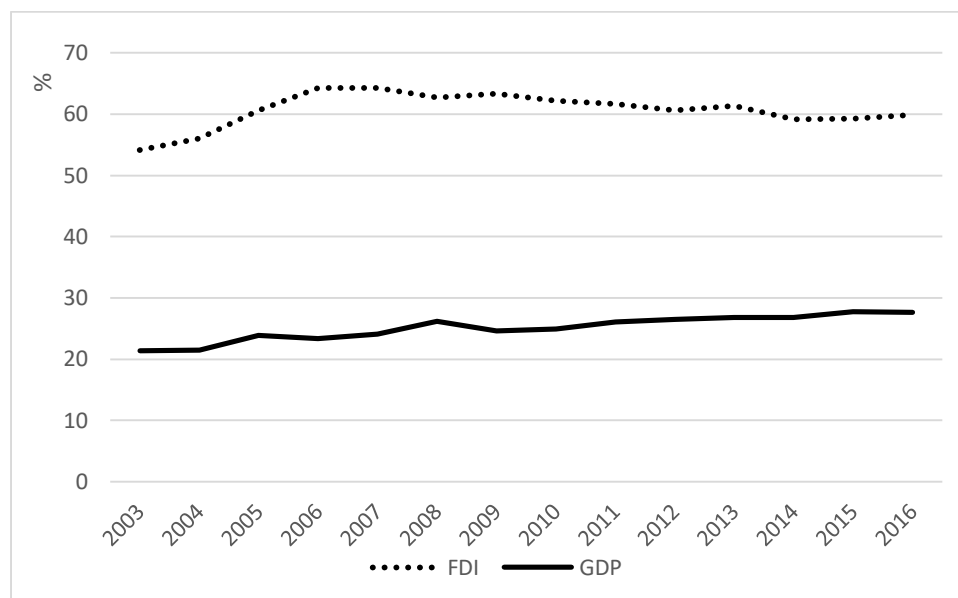
A seemingly bizarre situation is represented by the Western region, where, although FDI inflows are higher than in other regions, the level of employed population and the contribution to GDP formation are low (figure 4). Activities that involve minimal use of labour force, but also reduced levels of labour productivity may explain this situation.



**Figure 4. FDI inflows and GDP in the Western region in 2003-2016 (share in the total FDI inflows, respectively in total GDP of Romania)**

*Source: National Institute of Statistics, Eurostat and National Bank of Romania data*

FDI are concentrated in the Bucharest-Ilfov region, which also attracts more labour force. Although Bucharest-Ilfov region has the highest contribution to GDP formation compared to the other regions, the correlation between the two indicators (the share of GDP, respectively the share of FDI inflows within the total) compared to the other regions show that the activities (generated by the FDI inflows) carried out in the other regions have higher labour productivity than those from Bucharest-Ilfov region (figure 5).



**Figure 5. FDI inflows and GDP in the Bucharest-Ilfov region in 2003-2016 (share in the total FDI inflows, respectively in total GDP of Romania)**

*Source: National Institute of Statistics, Eurostat and National Bank of Romania data*

We consider, that in Romania, one can try to solve the problem of poverty and, implicitly, of the equal opportunity, by drawing foreign direct investments towards the poorly developed regions, so as to support the regional development and equal opportunity.

## 5. Conclusions

In order to accomplish the objectives regarding the non-discriminating involvement of women in the economic life, it is necessary to promote the non-discriminating redefinition of the role of women in all areas of life, such as education, career and work force employment. The increase of productivity, competitiveness and the improved work force employment must be achieved so as to be compatible with the private life, respectively with the social pattern and lifestyle of each country.

The participation of women to the economic activity is important, not only for reasons of fairness, but also as a strategic element. Thus, the undervaluation of the work of women and the improper use of their skills mean a loss of resources for economy and for the society, an inadequate allocation of resources, a loss of competitiveness. The countries which don't use the talent of half of their population have lower economic growth rates and endanger their competitiveness. The

consolidation of women involvement in education, employment and property has a strong impact on the economic development.

However, in the rush for achieving equal opportunity, one must not forget the primordial role of women, namely to give birth and to grow the future generations. Within this context, and considering the decrease of the birth rate in Europe, as well as in Romania, I consider that the promotion of equal opportunity at any cost, is not beneficial for humanity. Women must have the right to work, to be paid fairly according to their work, at the same level with men, but they must not neglect their role of mothers in favour of the career; otherwise mankind may find itself in the situation of desperately seeking solutions to stop the excessive ageing of population or even the drastic decrease of population.

Further research should deepen the impact of FDI inflows on employment and GDP trend in Romania, as I consider, that in Romania, foreign direct investments inflows could solve partly the problem of poverty and, implicitly, of the equal opportunity by supporting the regional development.

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