FDI and Gender Equality in Kenya: A Double-edged Sword?

By:

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Introduction

On 8th March 2022, we celebrated International Women's day. Despite such a historic day, it is unclear what accomplishments and strides were honored. The 5th Sustainable Development Goal set out by the United Nations focuses on gender equality and female empowerment. Unfortunately, progress toward gender equality is taking longer than expected. The Global Gender Gap Report evaluation estimates that it will take 135.6 years to close the global gender gap, given the pace in place[1].

There is a relationship between Foreign direct investment (FDI) and gender (in)equality. This relationship is premised on two assumptions. The first is that FDI contributes to gender equality, and the second is that FDI may indeed be the shackle to gender equality.

The first assumption is more popular than the second as its reality is more visible to the public compared to the second. In evaluating the first assumption, it is undeniable that FDI is one of the factors that contribute to the economic growth of a country as it adds to a country’s capital stock[2]. Studies have shown a positive relation between FDI and the Gender Development Index (GDI)[3]. Based on these studies, an inference is drawn that there is an increase in gender equality as a result of more FDI. Additionally, as a result of FDI inflows, there is an increase in employment opportunities for women. The eventual result of these opportunities is access to living wages which places women at a level similar to men.

Despite the positive assumption, FDI inflows can be considered a double-edged sword with adverse effects. This negative assumption only exists based on a country’s gender policy provisions. Consideration is given in circumstances where foreign investors are attracted to countries with higher gender inequalities as it provides an opportunity for investors to exploit women based on labour[4]. As much as the intentions do not align with our moral inclinations, they benefit the investors, as witnessed in Asian Pacific countries[5].

The point that I intend to convey in this blog is that FDI inflows in Kenya contribute to gender inequality due to the already existing gender inequalities. To convey my point critically, I begin by evaluating substantive areas in which Kenya is failing in terms of gender equality provision and show how FDI inflows have negatively affected women's empowerment. Basing my criticism on those areas, I then proceed to offer a conclusion.

Is Kenya Failing in Gender Equality Provisions?

Education

In the Global Gender Report for 2021, the World Economic Forum ranked Kenya at position 95 out of 156[6]. One of the factors that led to this ranking is the disparity in educational attainment between men and women. Education in Kenya, although significantly improving, has managed to lock out many women from accessing education. This is most apparent in tertiary institutions, where significantly more men than women are enrolled in those institutions. The subsequent result of this arrangement is that men acquire better paying jobs as they have more skills than women while women are left to struggle with the low-paying and low–skilled jobs.

FDI inflows are occasioned by a rise in technological advancement that sees more men entering the job market and women being left without jobs or possibly acquiring skills. Therefore, the labor market becomes “defeminized” due to FDI inflows, widening the gender gap.

Job Segregeation

The labour market involvement in terms of gender can be evaluated by looking at the force participation rate, and the labour force participation rate measures an economy’s active workforce. Although women have taken significant strides in the labour market in Kenya, male labour force participation has remained consistently higher than female labour force participation[7].

Using education as a prerequisite to attain the best paying jobs, women become more disadvantaged in the labour market, especially regarding technical jobs. Thus, an increase in FDI inflows into the country further widens the gap between men and women as the inflows acknowledge and cater for formal employment, an area dominated by men in Kenya[8]. Such arrangements end up discriminating against women as they are left to seek jobs in the informal sector.

Conclusion

135.6 years is too long a period for the gender gap to be closed. As such, better policies are needed concerning gender equality and protecting women’s rights. In this post, I have analyzed how FDI inflows can be a means of achieving gender equality and closing the gender gap, but at the same time, they contribute to the widening of this gender gap.

There is a need for domestic policies in Kenya that promote the education and employment of women, reducing the barriers women face in accessing employment in certain areas of the labour market, such as those created by FDI inflows. When such policies are introduced or revised, there will be no opportunity for companies to exploit women and women will exist on the same playing field as their counterparts.

Additionally, a challenge is placed on African countries that have investments in other African countries to consider gender equality measures in the labour market. An actualization of such would incentivize foreign powers to do the same, creating a win-win situation for both parties. I hope that the analysis I have done on the impact of FDI inflows on gender equality will open up more discussion in this crucial area.

References

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