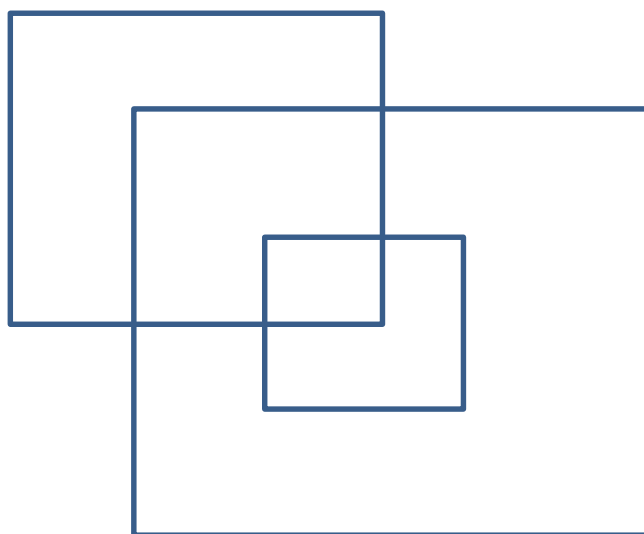




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Measurement of the employment and labour-related impacts of MNEs: A proposal for action



Multinational Enterprises and
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A Proposal for Action

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1. Introduction

The lack of readily available statistical data on multinational enterprises' activities and their impact on decent work has been remarked in replies to surveys on the effect given to the Tripartite MNE Declaration conducted by the International Labour Organization (ILO) as well as by the ILO Governing Body.

The principles laid down in the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) offer guidelines to multinational enterprises (MNEs), governments, and employers' and workers' organizations pertaining to employment, training, conditions of work and life, and industrial relations. These principles are commended to governments and employers' and workers' organizations of home and host countries and to MNEs themselves. The MNE Declaration also recommends studying the impact of MNE operations on employment and the labour market in different industrial sectors.

In terms of employment promotion, the MNE Declaration calls attention to the employment impact of MNEs, particularly when operating in developing countries. In these cases, they should “endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments, as well as security of employment and the long-term development of the enterprise” (ILO¹, 2017, para. 16). Moreover, MNEs should “give priority to the employment, occupational development, promotion and advancement of nationals of the host country” (ibid, para. 18). As stressed in para. 41 of the MNE Declaration; “wages, benefits and conditions of work offered by MNEs across their operations should be not less favourable to the workers than those offered by comparable employers in the host country”. Furthermore, “MNEs should observe standards of industrial relations throughout their operations” (ibid, para.47); and should “provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements” (ibid, para. 57).

According to the study conducted by the Department of Statistics (STAT)² on the measurement of the impacts of MNEs (Galhardi, 2015), “the variables available and collected systematically by countries ... do not cover all the aspects of their operations and activities, in particular those highlighted by the MNE Declaration “(p.26). Data limitations pose significant challenges to clearly identify the impact of MNEs on employment and labour-related issues. As recommended by the same study, “the lack of data on the activities of MNEs in host countries in areas covered by the MNE Declaration, i.e. employment, training, conditions of work and life, and industrial relations requires actions to complement the missing information” (ibid., 2015, p.37). Therefore, it was suggested that, with the aim of measuring the impacts of MNEs on employment and other labour-related issues raised by the MNE Declaration, it would be convenient to rely on the decent work indicators already adopted by the ILO framework for measuring decent work and applied in several countries. This alternative approach would facilitate to assess the impacts of

1 ILO (2006) : Tripartite Declaration of Principles concerning Multinational Enterprises, 4th Edition, International Labour Organization, Geneva, Switzerland.

2 Galhardi (2015): How to Measure the Impact of MNEs: Primary Recommendations; Department of Statistics, ILO (mimeo), 44 pp.

MNE operations in host countries vis-à-vis their national counterparts and their contribution to the economic and social development of the host economy.

In the next section, the operational definition of MNE as used by different international institutions and databases is discussed and the common components are highlighted. An overview of the availability of statistics on the operation of MNEs is provided in Section 3. A review of the major data sources and analysis of the variables available by compiling countries is carried out in order to detect their usefulness to measure the impacts of MNEs according to the principles of the MNE Declaration. Based on these principles, some decent work indicators to assess the MNEs employment and labour-related impacts are proposed in Section 4. Some recommendations for further work and country case studies are suggested in Section 5.

2. Operational definition

In order to gather information on the MNEs activities in host countries, it is necessary to first identify the operational definition used by the sources and providers of statistics on MNEs.

The MNE Declaration does not provide a definition of MNEs. It says that “*MNEs include enterprises—whether fully or partially state-owned or privately owned—which own or control production, distribution, services or other facilities outside the country in which they are based*” (MNE Declaration, paragraph 6) They correspond to a very diverse group of enterprises due to the different possible forms of ownership, size, nature and location of operations. They also comprise various entities (parent companies or local entities, or both or the organization as a whole) according to the division of responsibilities among them.

The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (OECD 2011), similarly to the MNE Declaration, does not provide a precise definition of multinational enterprises. According to the OECD Guidelines, MNEs “*usually comprise companies or other entities established in more than one country and so linked that they may coordinate their operations in various ways*”. While one or more of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another. Ownership may be private, state or mixed. The OECD Guidelines for MNEs apply to all the entities within the multinational enterprise (parent companies and/or local entities) operating in all sectors.

While these instruments do not provide a “precise” definition of MNEs, an “operational” definition of MNEs has been developed and adopted by international organizations such as the United Nations Conference on Trade and Development (UNCTAD), OECD, and Statistical Office of the European Union (EUROSTAT) in order to measure their impact on economic issues³. The operational definition of MNE or Transnational Corporation (TNC) or Foreign Controlled Affiliate (FCA), as used by different institutions such as

³ See Galhardi (2015) for a detailed overview of the international standardization and harmonization of concepts and measurable variables and indicators.

OECD, UNCTAD and EUROSTAT respectively, has been adjusted and revised in the last decade to comply with internationally recommended standards and assure comparability. Consistency is ensured with concepts and definitions developed and published by international organizations such as the European Commission, the International Monetary Fund, the United Nations, and the World Trade Organisation (WTO). Moreover, these organizations have produced Manuals⁴ with clearly defined instructions and definitions to help relevant national institutions in developed and developing countries to compile and process financial and other data on the operation of MNEs in their economy. These harmonised international concepts and definitions are applied world-wide by data producers.

The operational definition of MNEs (also called TNCs and FCAs) used by different international organizations and national institutions in a consistent and harmonised manner, have common characteristics that help to effectively define an MNE in practical terms with the purpose of measuring their economic and social impacts in the host economies. The main practical/operational criteria are the following:

- (i) foreign control as indicated by majority ownership: although 10 percent of ownership of the voting power (or ordinary shares) is considered as the lower threshold for foreign direct investment relationship, the OECD'S Benchmark Definition of FDI, 4th Edition (OECD, 2008) and others recommend that statistics on the activities of multinational enterprises should be collected, at a first priority, for the controlled affiliates on the basis of majority ownership (+ 50 percent). Some countries disaggregate the information by (i) minority-owned; (ii) majority-owned and (iii) all affiliates (e.g. the US);
- (ii) direct investor, ultimate controlling institutional unit or parent company: an entity resident in one economy that has acquired, directly or indirectly, more than 50 percent of the voting power of an incorporated corporation/enterprise or the equivalent for an unincorporated enterprise resident in another economy. It has to effectively control and manage the group, i.e. take global strategic decisions, and is located at the top of the chain of control of the multinational enterprise group;
- (iii) direct investment enterprises as an institutional unit/enterprise resident in one economy and in which the direct investor or the "ultimate controlling unit"(or parent) resident in another economy, proceeding up a foreign affiliate's chain of control;
- (iv) incorporated enterprise: subsidiary;
- (v) un-incorporated enterprise: branches and quasi-corporations;
- (vi) operation in all sectors and every country: disaggregated according to the International Standard of Industrial Classification (ISIC) or the NACE equivalent.

⁴ OECD (2005): OECD Handbook on Economic Globalisation Indicators, Paris, OECD; UN (2009): UNCTAD Training Manual on Statistics for FDI and the Operations of TNCs, UNCTAD, Division of Investment and Enterprises, New York and Geneva; European Union (2012): Foreign Affiliates Statistics (FATS) Recommendations Manual, EUROSTAT, European Commission; UN, EC, IMF, OECD, UNCTAD, WTO (2010), Manual on Statistics of International Trade in Services (MSITS).

3. Measurement of MNEs' activities: an overview

Most international organizations collect foreign direct investment (FDI) data through central banks, ministries of commerce and statistical offices. These include the Organization for Economic Cooperation and Development (OECD), the statistical office of the European Union (EUROSTAT), the European Central Bank (ECB), the International Monetary Fund (IMF), and the United Nations Conference on Trade and Development (UNCTAD). Data are collected by national compilers based on balance of payments (BOP) statistics, business registers and enterprise surveys. FDI is a widely used indicator to measure the movements of capital between direct investor and direct investment enterprise. Although standardized FDI statistics are available in many countries, they usually cover only flows and stocks⁵.

Measures of inputs used and outputs produced by “direct investment enterprises” are not covered by FDI statistics. Additional indicators are necessary to describe the enterprises in which there is direct investment, measure their activities, and assess their economic and social impact. While the statistics of FDI measure the transactions and positions between direct investors and their direct investment enterprises, statistics on the activities of multinational enterprises (AMNE) aim to describe the enterprise in which there is direct investment, measure its activities and economic impact, such as turnover, employment, and value added which reflect the overall operations of MNEs.

In terms of MNEs, data on financing of them are covered by FDI statistics and data on their operations by AMNE statistics. In theory, statistics of FDI and AMNEs are very closely related and, therefore, complementary; however, there are some important distinctions. Unlike statistics on FDI, which cover both control (+50% ownership) and influence (between 10% and 50% ownership) relationships, AMNE statistics cover only control relationships. Another difference is in classification by countries. FDI statistics are classified according to the immediate investing country while AMNE statistics are classified according to the ultimate investing country. Inward FDI positions by ultimate investing country should reduce the discrepancies between the two series due to differences in geographical classification. For outward investment, variables are allocated to the country of location of the controlled affiliates. Therefore, statistics on AMNE provide additional information on MNEs.

UNCTAD produces an annual publication (World Investment Report) that provide up-to-date global FDI trends and analysis along with in-depth examination of selected issues related to MNEs (which they refer to as transnational corporations, TNCs). In the World Investment Directory Series, UNCTAD provides data on FDI and MNE operations in individual countries, with sectoral and regional breakdowns. Each volume presents the latest data on the operations of foreign affiliates in the host economy, the operations of MNEs abroad and the operations of parent MNEs and also provides tables on the legal frameworks for MNEs and FDI. Data on the activities of MNEs beyond investment are, however, very limited.

⁵ FDI statistics include direct investment positions (equity and debit), direct investment income flows (distributed earnings, reinvested earnings, interest income) and direct investment financial flows (equity and debit) (OECD, 2008).

As mentioned previously, several international organizations, e.g. OECD, Eurostat, the European Central Bank (ECB), IMF, and UNCTAD, compile and disseminate FDI data. According to the OECD Investment Division, their FDI statistics and those from EUROSTAT are essentially based on a common framework for reporting detailed statistics on FDI and are generally very consistent. Data regarding the EU is consistent with both EUROSTAT and ECB. IMF and ECB compile and disseminate FDI statistics as a functional category of balance of payment (BOP). Research conducted by OECD and IMF demonstrate that the main difference between aggregate FDI statistics are largely due to the timing of revisions. UNCTAD data are sometimes different due to adjustments conducted, as the sources of data are the same in most cases.

Compared with FDI statistics which are well elaborated, operating/activity data for MNEs are much less widely available. Only a few countries compile inward and outward operating/activity data of MNEs.

3.1. Data sources on AMNE

The OECD database dedicated to measure the activity of multinational enterprises (AMNE) presents detailed data on the activities of foreign affiliates in OECD countries (inward and outward activity of multinationals) in the manufacturing and service sectors. AMNE statistics cover controlled affiliates where the MNE has the ability to appoint a majority of administrators empowered to direct an enterprise, to guide its activities and determine its strategy. The criteria applied is holding a majority of ordinary shares or voting power (>50% of the capital) by a single foreign investor or by a group of foreign associated investors.

The AMNE database is built with data reported to Eurostat in the framework of annual surveys on the activities of foreign-controlled enterprises and foreign affiliates abroad controlled by residents of the compiling country. OECD suggests that *“AMNE data should be compiled, as a first priority, for affiliates in which the direct investor has unambiguous control and should be attributed to the country of the investor of ultimate control (for inward investment) and the country in which the operations actually take place (for outward investment)”* (OECD, 2005, para. 182).

Within the framework of the OECD (2005), data on the AMNE covers all economic and industrial data which are not associated with FDI, portfolio or other financial transactions. Data collected by the OECD, within the framework of the surveys on the economic activity of MNEs in 28 countries include 17 variables⁶, the minimum set of variables recommended to be collected being: (i) number of enterprises, (ii) number of persons employed, (iii) turnover, (iv) number of employees, and (v) production.

The principal providers of data on AMNE are the National Statistical Offices, in close collaboration with the National Central Banks. The Structural Business Statistics and FDI

⁶The 17 variables include: number of enterprises, number of persons employed, turnover, number of employees, production, value added at factor cost, personnel costs, gross investment in tangible goods, gross operating surplus, exports of goods and services, imports of goods and services, intra-firm exports of goods and services, intra-firm imports of goods and services, total intramural R&D expenditure, total number of R&D personnel, technological payments (inward only) and technological receipts (inward only).

survey are the sources of data mostly used by NSOs and Central Banks respectively. Enterprises or Business registers are used to identify the enterprises in which over 50% of the equity or voting rights is held directly or indirectly by one foreign party. R&D data are in general compiled from specific surveys (yearly or every two years depending on the country).

EUROSTAT, following the same criteria applied by OECD, compiles data on the structure and activity of foreign affiliates (known as foreign affiliate statistics or FATS) that can be used to assess the impact of foreign-controlled enterprises on the European economy. The data may also be used to monitor the effectiveness of the internal market and the gradual integration of economies within the context of globalisation. Consistent with the OECD (2008) recommendations, the FATS Manual (EU, 2012) recommends to collect information on at least the following basic measures of foreign affiliate activity: i) sales (turnover) and/or output, ii) employment, iii) value added, iv) exports and imports of goods and services, and v) number of enterprises. Additional measures are suggested for countries wishing to expand FATS data collection beyond this basic set.

The FATS Manual envisages that a variety of sources and methods be used to collect and compile FATS statistics. However, it is usually the case that business registers, statistical surveys or data already gathered from administrative sources are the main data sources in the FATS statistics. Separate surveys may be conducted or links may be made with domestic enterprise statistics that are already collected. In either case, there are likely to be links with existing data on foreign direct investment.

The AMNE database and the FATS database are the only international records which compile statistics on the structure and activities of MNEs.

3.2. Variables available

In order to measure the impact of MNEs according to the principles of the MNE Declaration, in addition to reporting on the number of enterprises, sales/turnover, production and value added, data is available in many countries and should be reported on: the number of employees and personnel costs (wages and salaries and social security contributions). R&D expenditures and the number of researchers are also relevant as they give an indication of the investigative work undertaken on a systematic basis in order to increase the stock and use of knowledge to devise new applications.

From 2008, AMNE database variables are broken down by country of origin (inward investment) or location (outward investment) and by industrial sector. Data is generally collected every year, although some variables, such as R&D expenditure and participation, have been collected every two years since 2008. Compiling countries do not uniformly collect data on all the variables recommended by international organizations. Although data is in principle collected on a voluntary basis, since 2007 inward and outward FATS statistics have been collected on a mandatory basis for Member States of the European Union, Norway and Iceland starting with the reference year 2007.⁷

⁷ See, Regulation (EC) No 716/2007 of the European Parliament and the Council on Community statistics on the structure and activity of foreign affiliates.

In the case of inward AMNE (Table 1), no country reports on all 17 recommended variables. Italy and the US produce data on 15 variables; while the average country reports on 9 variables. The number of persons employed—the employment variable recommended by OECD (OECD, 2008)—is measured as “*average yearly headcount of persons employed and paid by the observation unit including unpaid family workers and persons absent for a short time*” (ibid, 2012) and is available in all but one of the reporting countries. The exception is the US, which along with six other countries, provides information on the *number of employees*, commonly calculated by the “*average yearly headcount of persons having a contract of employment with the observation unit and receiving compensation*” (EU, 2012). The number of employees is collected on a voluntary basis⁸ and some of the seven reporting countries only collect it occasionally, such as Spain which collected data only in 2008. Thirty countries collect data on the number of enterprises, number of persons employed, turnover, gross investment in tangible goods and gross operating surplus. Twenty-eight countries collect data on production and value added. Statistics on personnel costs are available in all countries with the exception of Japan. The total expenditure in research and development (R&D) and total number of R&D personnel are collected in 22 and 21 countries, respectively. In contrast, data on exports and imports of goods and services and technological payments and receipts are collected by only a few countries (between 2 and 6).

⁸ These standard definitions comply with the ILO standards and recommendations concerning statistics on employment adopted by the 13th International Conference of Labour Statisticians (ILO, 1982). It should be noted that a Resolution concerning statistics of work, employment and labour utilization was adopted by the 19th ICLS in substitution for the resolution of 1982.

TABLE 1: AVAILABILITY OF SELECTED INWARD AMNE VARIABLES BY COUNTRY (2007-2011)

Country	No. enterprises	No. of persons employed	Turnover	No. of employees	Value added	Production	R&D expenditures	No of researchers	Personal costs
Austria	Y	Y	Y	Y	Y	Y	Y	Y	Y
Czech Republic	Y	Y	Y	Y	Y	Y	Y	Y	Y
Denmark	Y	Y	Y	Y	Y	Y	N	N	Y
Estonia	Y	Y	Y	Y	Y	Y	Y	Y	Y
Finland	Y	Y	Y	Y	Y	Y	Y	Y	Y
France	Y	Y	Y	N	Y	Y	Y	Y	Y
Germany	Y	Y	Y	N	Y	Y	Y	Y	Y
Hungary	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ireland	Y	Y	Y	N	Y	Y	N	N	Y
Italy	Y	Y	Y	Y	Y	Y	Y	Y	Y
Japan	Y	Y	Y	N	N	N	Y	N	N
Luxembourg	Y	Y	Y	N	Y	Y	N	N	Y
Netherlands	Y	Y	Y	Y	Y	Y	Y	Y	Y
Norway	Y	Y	Y	N	Y	Y	N	N	Y
Poland	Y	Y	Y	N	Y	Y	Y	Y	Y
Portugal	Y	Y	Y	Y	Y	Y	N	N	Y
Slovakia	Y	Y	Y	Y	Y	Y	Y	N	Y
Slovenia	Y	Y	Y	Y	Y	Y	Y	Y	Y
Spain	Y	Y	Y	Y (2008)	Y	Y	Y	Y	Y
Sweden	Y	Y	Y	Y	Y	Y	Y (2009)	Y (2009)	Y
United Kingdom	Y	Y	Y	Y	Y	Y	Y	N	Y
United States	Y	N	Y	Y	Y	Y	Y	Y	Y

Source: Galhardi (2015)

In terms of outward AMNE statistics (Table 2), the selected group of variables is less available, particularly on those aspects related to the ILO mandate and the MNE Declaration. Few countries collect data on number of employees, value added, R&D expenditure, number of researchers, personnel costs and employee compensation. Data on the activities of foreign affiliates abroad—such as the number of enterprises, number of persons employed and turnover—is available in all of the countries with the exception of the US, which does not collect information on the number of persons employed. Only 3 (Canada, Korea and the US) out of 26 countries provide information on the number of employees. Data on value added of foreign affiliates abroad is collected only by Czech Republic, Ireland, Slovenia and the US. Data on R&D expenditures is supplied by 5 countries (Germany, Japan, Poland, Slovenia and the US), of which only Slovenia includes also the number of researchers in the foreign affiliates abroad. The US supplied this information for the year 2009 only. Only the Czech Republic, Finland, France, Japan, Slovenia and the US collect data on personnel costs.

TABLE 2: AVAILABILITY OF SELECTED OUTWARD AMNE VARIABLES BY COUNTRY (2007-2011)

Country	No. enterprises	No. of persons employed	Turnover	No. of employees	Value added	R&D expenditures	No of researchers	Personal costs
Austria	Y	Y	Y	N	N	N	N	N
Belgium	Y	Y	Y	N	N	N	N	N
Canada	N	N	Y	Y	N	N	N	N
Czech Republic	Y	Y	Y	N	Y	N	N	Y
Denmark	Y	Y	N	N	N	N	N	N
Estonia	Y	N	N	N	N	N	N	N
Finland	Y	Y	Y	N	N	N	N	Y
France	Y	Y	Y	N	N	N	N	Y
Germany	Y	Y	Y	N	N	Y	N	N
Greece	Y	Y	Y	N	N	N	N	N
Hungary	Y	Y	Y	N	N	N	N	N
Ireland	Y	Y	Y	N	Y	N	N	N
Israel	N	Y	Y	N	N	N	N	N
Italy	Y	Y	Y	N	N	N	N	N
Japan	Y	Y	Y	N	N	Y	N	Y
Korea	Y	N	Y	Y	N	N	N	N

Luxembourg	Y	Y	Y	N	N	N	N	N
Norway	Y	Y	Y	N	N	N	N	N
Poland	Y	Y	Y	N	N	N	N	N
Portugal	Y	Y	Y	N	N	N	N	N
Slovakia	Y	Y	Y	N	N	Y	N	N
Slovenia	Y	Y	Y	N	Y	Y	Y	Y
Spain	Y	Y	Y	N	N	N	N	N
Sweden	Y	Y	Y	N	N	N	N	N
United Kingdom	Y	Y	Y	N	N	N	N	N
United States	Y	N	Y	Y	Y	Y	Y (2009)	Y

Source: Galhardi (2015)

Summing up, the variables available and collected systematically by countries involved in a foreign direct investment relationship do not cover all the aspects of their operations and activities, in particular those highlighted by the MNE Declaration. In cases where some data was collected, these initiatives were discontinued because these aspects are difficult to report due to the lack of information at the national level (Galhardi, 2015, p.25).

4. Measurement of MNE employment and labour-related impacts: a proposal

The principles laid down in the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy offer guidelines to MNEs, governments, and employers' and workers' organizations in the areas of employment, training, conditions of work and industrial relations. These principles are commended to the governments, the employers' and workers' organizations of home and host countries and to the MNEs themselves. The Declaration recommends studying the impact of MNEs' operations on employment and the labour market in different industrial sectors.

With the aim of measuring the impacts of MNEs on employment and other labour-related issues raised by the MNE Declaration, it would be convenient to rely on the existing indicators set out in the 2008 ILO framework for measuring decent work (ILO, 2008). The conceptual framework comprises ten substantive areas and an additional area concerning the "social and economic context", which covers the four strategic pillars of the Decent Work Agenda. These areas represent the thematic areas under which corresponding statistical and legal framework indicators⁹ are organized.

Since 2009, the ILO framework on measuring Decent Work has been piloted in a diverse range of countries around the world. Experience from the pilot countries has demonstrated the success of the ILO framework both in maintaining a high degree of international comparability and allowing scope for flexible application at the country level. This has been evident in the diversity of countries in which decent work country profiles have been produced since 2009, not just in terms of income levels and economic development, but also institutional strength, statistical infrastructure, legal environment and policy development.

The identification of some Decent Work Indicators to assess the impact of the MNEs in the areas considered by the Declaration seems to be useful since they are already being explored in almost 20 countries spread across all regions. The indicators proposed to measure the impact of MNEs according to the principles of the MNE Declaration are listed in Table 3.

⁹ Legal framework indicators, which are descriptive and qualitative rather than quantitative in nature, represent the second type of indicator in the contextual framework. These aim to summarize legal and policy information across 21 key topics relevant to the measurement of Decent Work, against a range of criteria, including laws, policies or institutions in place, benefit levels and thresholds, coverage in law and practice, and evidence of implementation effectiveness. They also include country-specific reference to relevant international labour standards and decisions of the ILO's supervisory machinery.

TABLE 3: PROPOSED DECENT WORK INDICATORS

Principles of the MNE Declaration	Statistical DW Indicators	Concepts	Main Source
Increase employment opportunities and standards	<ul style="list-style-type: none"> • Number of employees • Average hourly earnings in selected occupations • Employment in R&D <ul style="list-style-type: none"> ○ Number of researchers 	Employment Employees Earnings R&D	LFS, LFS with earnings module and Establishment survey on occupational earnings Special R&D survey AMNE and FATS databases
Equality of opportunity and treatment	<ul style="list-style-type: none"> • Occupational (ISCO) segregation by sex • Female share of employment in senior and middle management (ISCO 88, 11 and 12) • Gender wage gap 	Employment ISCO Employees Earnings	LFS Establishment surveys Administrative records
Stability and security of employment	<ul style="list-style-type: none"> • Precarious employment: <ul style="list-style-type: none"> ○ Casual workers rate ○ Seasonal workers rate ○ Short-term workers rate ○ Outsourcing 	Employees Precarious employment ICSE	LFS, other household surveys
Training	<ul style="list-style-type: none"> • Employees with recent job training 	VET (ILO R. 195, 2002)	LFS (with modulo on job training)
Wages, benefits and conditions of work	<ul style="list-style-type: none"> • Average hourly earnings in selected occupations • Excessive working time (add) • Share of eligible population covered by (basic) health care provision 	Earnings Occupations Working time Social Security	LFS, LFS with earnings module Establishment survey
Minimum age	<ul style="list-style-type: none"> • Share of child labour • Share of hazardous child labour 	Child labour Working time Hazardous work by children	LFS with child labour module
Safety and health	<ul style="list-style-type: none"> • Fatal (occupational) injuries incidence rate • Non-fatal (occupational) injuries incidence rate. • Time lost due occupational injuries 	Occupational injuries Fatal and non-fatal injuries Days lost by cases of temporary incapacity	Administrative survey Establishment survey National notification systems
Freedom of association and the right to organize	<ul style="list-style-type: none"> • Trade union density the percentage of workers in a given enterprise who are trade union members by total number of employees 	Trade union Employees	LFS with data on union membership
Collective bargaining	<ul style="list-style-type: none"> • Collective Bargaining coverage rate the percentage of employees whose pay and conditions of employment are determined by one or more collective agreement (s) 	Collective bargaining agreement Employees	LFS Administrative data Establishment surveys

Source: own adaptation based on ILO, 2013b

This alternative approach would facilitate data collection on the impact of MNE operations impacts vis-à-vis their national counterparts and their contribution to the economic and social development of the host economy. In principle, the existing data sources at the national level that could help to analyse the impacts of MNEs on employment-related issues according to the principles of the MNE can be (i) business surveys and/or registers, household surveys, economic census and specific establishment surveys. Their strengths, advantages or limitations to cope with this important although challenging goal have not been assessed yet.

5 Recommendations: a way forward

The lack of data on the activities of MNEs in host countries in areas covered by the MNE Declaration, i.e. employment, training, conditions of work and life, and industrial relations, requires actions to complement the missing information. This can be generated by using the ILO Framework on measuring decent work and the indicators proposed. In order to test this approach empirically, it is recommended:

- (i) To identify a country using different methodologies e.g. household and establishment surveys, to collect socio-economic data on MNEs. In Mexico, a pioneer research project on the organizational structure, innovation and employment practices in MNEs was conducted by the College of the Northern Border (Colef) during 2008 and 2010¹⁰. One of the principal characteristics of this study was that, for the first time in Mexico, a survey was carried out on MNEs themselves, and not on the companies, plants or establishments they have in the country. The main objective of the study was to understand the performance of foreign and domestic MNEs established in Mexico, specifically regarding innovation, employment practices and outsourcing.

On the other hand, the labour force survey “National Occupation and Employment Survey” (ENOE) is an important source of the population’s occupational, employment and socio-demographic characteristics at the national level.¹¹ ENOE takes into consideration the ILO standards, includes the OECD resolutions and seeks consistency with the USA Labour Bureau and MERCOSUR guidelines as well. At the national context, this survey model takes the National Accounts Systems (SNA) general framework with the objective of better characterising employer units and ultimately, the labour market. In addition to the questionnaire prepared to collect socio-demographic and housing information, two questionnaires were prepared to collect data on occupation and employment¹²: a basic questionnaire with 56 questions to be filled in three quarters and an extended one was prepared with 86 questions, intended only for the second quarter in which no extra module or survey would be inserted. The first one is contained in the second questionnaire so that the information is comparable between quarters and, for that particular period, a larger quantity of more accurate data are available. The extended questionnaire provides information disaggregated by enterprises’ ownership which allows, in principle, to identify some impacts related to the issues promoted by the MNE Declaration.

10 Conacyt project no. 55018 “Multinational enterprises in Mexico: a study of the organizational structure, innovation and employment practices”.

11 ENOE is based on a probabilistic sample with a scope of 120,000 dwellings per quarter yielding data representative of the following domains:

(i) National and disaggregated for three types of urban areas and rural ones, (ii) State (32) and 32 Cities (each state’s larger city). Collective dwellings such as jails or asylums are not selected for the sample nor are the military force insofar as they are concentrated in barracks. Conscripts are not considered part of the labour force. The classification system adopted for industry is NAICS. The occupational classification system is a Mexican adaptation of ISCO called CMO. Working age is considered 14 years and older. The dwelling sample is organized in five panels. Each dwelling has a cycle of five visits (one per quarter) before leaving the sample and being replaced by another set that starts a new cycle. Each panel is organized so that in each quarter four-fifths of the sample were visited last quarter (one-fifth is in its second visit, another fifth in its third, etc.) and the remaining fifth is a new panel.

12 This was done with a view of reducing interviewers’ workload, and allowing extra modules or surveys to be inserted in addition to the basic questionnaire.

Furthermore, Mexico represents a useful laboratory for the study of MNEs, given that its economy is highly integrated into that of the United States, it is globally open commercially, has sufficiently diverse economic activities with FDI from a large number of countries, and large economic groups and domestic companies.

The examination of the results of these two methodologies (labour force survey and firm-based survey) will help to realize the strengths, limitations and complementarities of both methodologies towards our objective of advising countries, in particular less developed countries and/or other middle income country, on alternatives to generate the missing information.¹³

- (ii) Other countries for testing this initial approach could be those that have a Decent Work Team and/or where Decent Work country profiles were produced, including Bangladesh, Brazil, Cambodia, Indonesia, Niger, Peru, The Philippines, Ukraine, Zambia and South Africa.

The Operational Tools of the MNE Declaration 2017 (Annex II) encourages the tripartite national constituents—governments, employers and workers—to appoint tripartite national focal points to promote the use of the MNE Declaration and its principles. These tripartite national focal points could support and facilitate access to the information necessary to test the proposed measurement approach through collaboration with the NSO, national academics, MNEs and other stakeholders.

At least three criteria can be defined to choose pilot countries to experiment this initial approach: a) existence of a Decent Work Team; b) Decent Work Profile produced and c) established tripartite national focal points.

The Office should draw up a programme for pilot studies to be carried out by national authorities on a voluntary basis on the proposed or indicators and breakdowns for inward and outward statistics on foreign affiliates. The pilot studies could be carried out in order to assess the relevance and feasibility of collecting data on the variables proposed to measure the impacts of MNEs according to the principles of the MNE Declaration. On the basis of the conclusions of the pilot studies, a methodology based on “best practices” identified could be consolidated.

With the objective of assessing the impacts of foreign affiliates in host countries, additional efforts should focus on:

1. Further analysing the availability of outward AMNE statistics disaggregated by countries which report investments. It is necessary to complement the information provided by international databases with that collected by national providers or data sources to identify the availability of variables (recommended versus proposed or “additional”) collected at the national level and not included in the international databases.
2. Exploring the availability of statistics on the activities of MNEs in Business Registers.

These activities will contribute to assess the costs/efforts involved in collecting reliable

¹³ See Measurement of the employment and labour-related impacts of MNEs in Mexico: an analysis of two different methodologies for follow-up studies using the data from various sources on MNE operations in Mexico.

data on the impact of MNEs on socio-economic development and more specifically more and better jobs in the host countries of operations. Good practices would be identified through the country case studies, highlighting the most efficient and reliable methods.

The fact that most non-mining MNEs' subsidiaries are majority owned indicates that this is not restricted to natural resources (Aryeetey et al, 2008). Only by understanding motives and risk aversion that govern MNE activities can policy makers understand the outcomes they produce. A quantitative approach can lead us only so far – we need to understand how numbers came about and what they actually mean.

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