



# OECD FDI QUALITIES REVIEW OF AUSTRIA

FIW-Workshop Women in International Economics – 8 March 2023



# A new OECD series on FDI and sustainable development

FDI Qualities Assessment  
of Ireland



FDI Qualities Review of Jordan  
STRENGTHENING SUSTAINABLE INVESTMENT



Strengthening FDI and SME  
Linkages in Portugal



**NEW**

## FDI Qualities Review of Austria

Closing Gender Gaps and  
Empowering Women

**Read the report**





# *FDI Qualities:* OECD tools on sustainable investment



The **FDI Qualities Initiative** provides governments with the tools to encourage **sustainable investment**

## FDI Qualities Indicators



Measure impact and outcomes across countries and SDGs

## FDI Qualities Policy Toolkit



Identify the right policy mix and institutional setting

## FDI Qualities Network



Engage with national and global stakeholders

## OECD Council Recommendation on FDI Qualities

- ✓ Commitment to using policy and institutions to increase sustainable investment and deliver on the 2030 SDGs
- ✓ First government-backed agreement to help policy makers to leverage FDI to finance the SDGs and optimise the strength and quality of the recovery

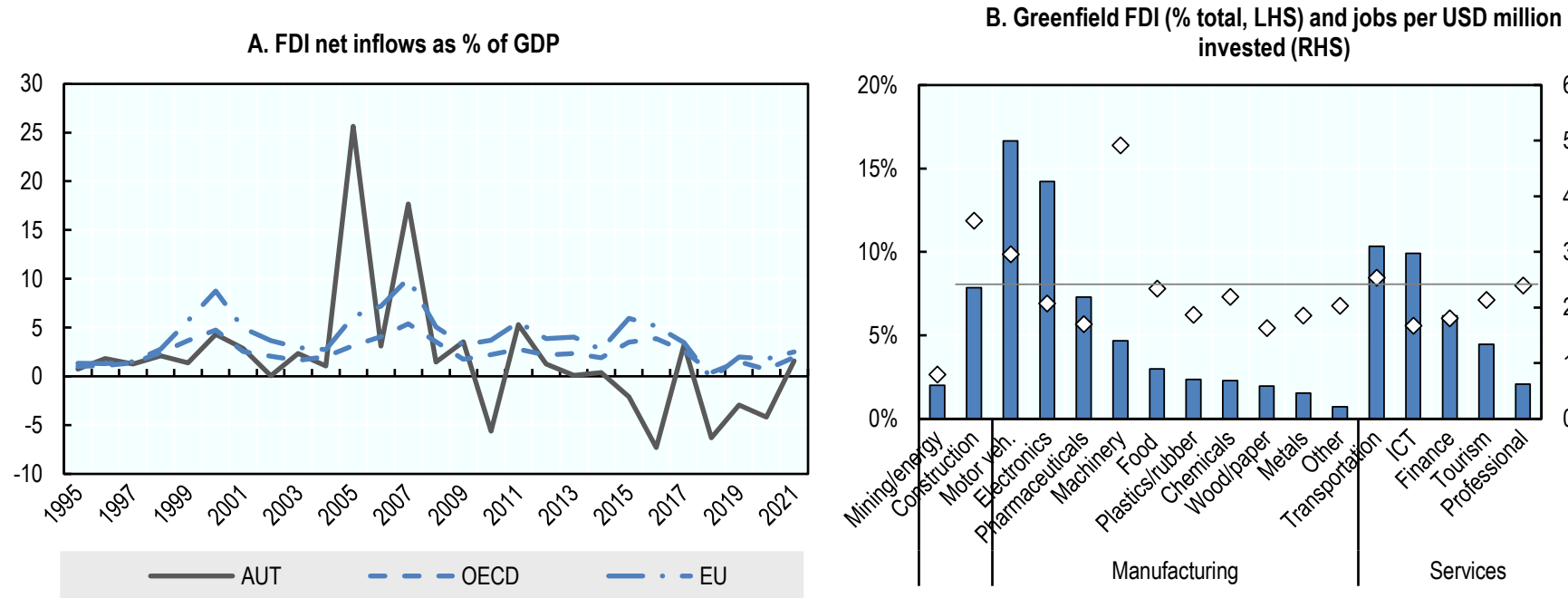
Check out our website: [OECD FDI Qualities Initiative](https://www.oecd.org/fdi-qualities/)



# TRENDS AND QUALITIES OF FOREIGN DIRECT INVESTMENT IN AUSTRIA



# FDI inflows have grown with the rise of GVCs in the 2000s



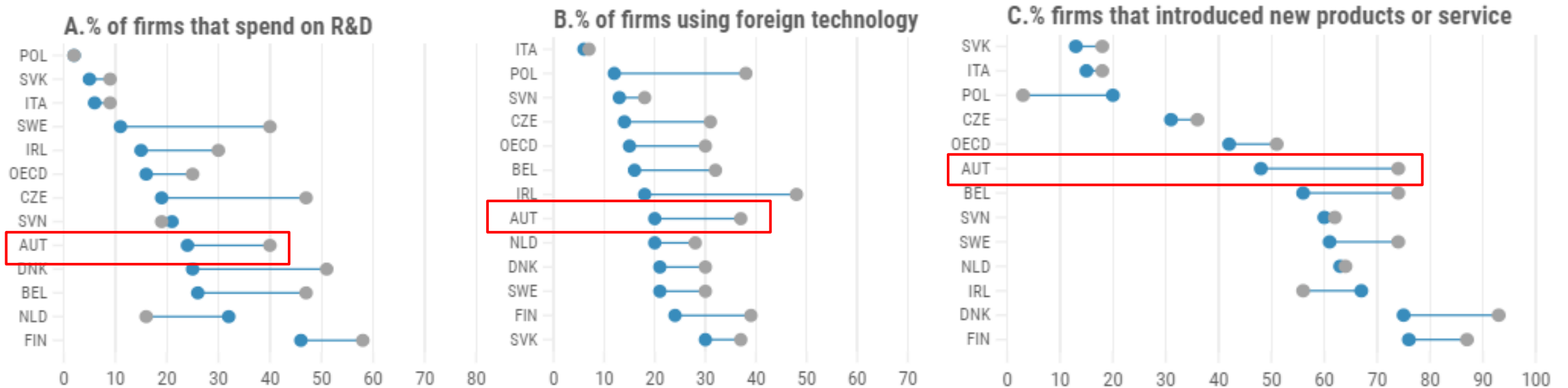
Source: World Bank <https://data.worldbank.org/indicator/?tab=all> and Financial Times' fDi Markets <https://www.fdimarkets.com/>

- Along with the rise of global value chains, Austria attracted a significant amount of FDI in the mid-2000s before the global economic crisis, reaching 25% of GDP in 2005 and 18% in 2007.
- Low and repeatedly negative FDI inflows after 2009 translated into a stagnant stock of FDI (40% of GDP in Austria < 80% of GDP in OECD average).
- Greenfield FDI in Austria is concentrated in technology-intensive sectors such as motor vehicles, electronics, pharmaceuticals manufacturing, and ICT services reflecting both the ability of highly productive sectors to attract FDI and the contribution of FDI to higher productivity and growth.



# Foreign firms increase Austria's innovation capacity

● Domestic ● Foreign



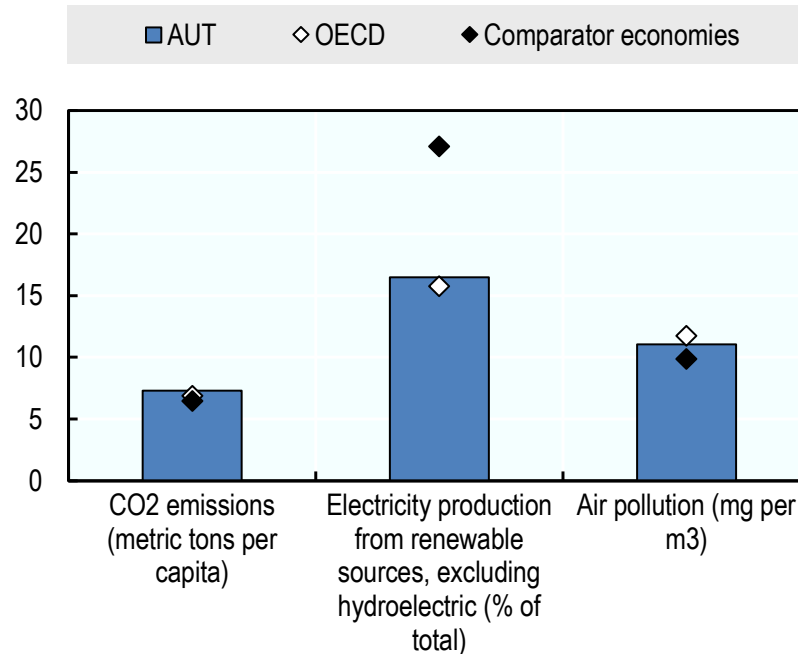
Source: World Bank Enterprise Survey: Austria (2021), <https://www.enterprisesurveys.org/en/data/exploreeconomies/2021/austria>

- The share of GDP spent on R&D amounts to about 3.2%, exceeding the OECD average of 2.2% and almost aligning with other OECD champions like Sweden and Belgium that spend around 3.5% of GDP on R&D.
- Foreign firms are important investors in R&D in Austria, are more likely to use foreign technology and support the innovation potential
  - 40% of foreign firms invest in R&D compared to 25% of domestic firms.
  - Almost 40% of foreign firms use foreign technology compared to 20% of domestic firms.
  - About 75% of foreign firms introduced a new product or services compared to around 50% of domestic firms.

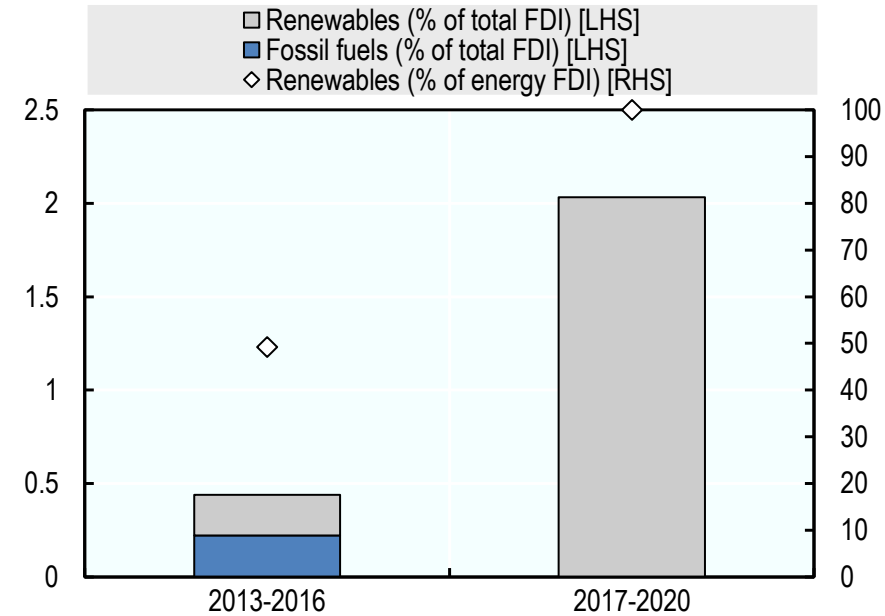


# Foreign investment is an important source of finance for the low carbon transition

A. Environmental performance indicators



B. Greenfield FDI in energy sectors

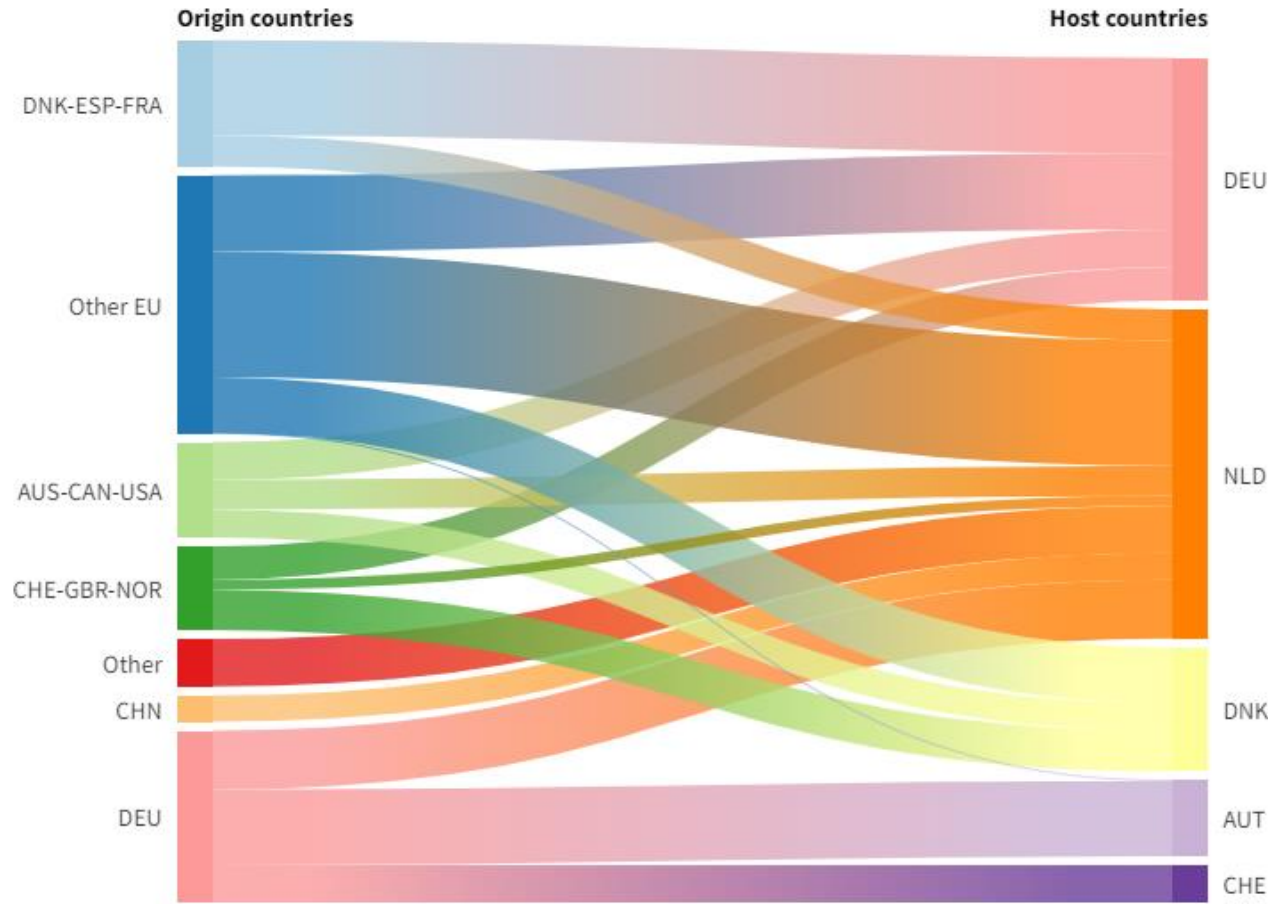


Source: World Bank, <https://data.worldbank.org/indicator/?tab=all>; OECD, [https://stats.oecd.org/Index.aspx?DataSetCode=GREEN\\_GROWTH](https://stats.oecd.org/Index.aspx?DataSetCode=GREEN_GROWTH); Financial Times' fDi Markets, <https://www.fdimarkets.com/>

- Austria's level of air pollution and carbon emission are similar to the OECD average and comparators
- There remains a gap in electricity generation from renewable energy sources relative to its comparators (27% of renewables in energy in DNK, DEU, NLD and CHE vs. 16% in AUT).
- Over the past ten years, investments in renewable energy have increased significantly in Austria:
  - 2013-16: RE accounted for 0.2% of total greenfield FDI (49% of greenfield FDI in the energy sector).
  - 2017-20: RE accounted for 2% of total greenfield FDI (100% of greenfield FDI in the energy sector).



# To date Austria does not fully exploit the potential of its renewable energy industry



- DNK, DEU and NLD received almost 2-4 times the amount of greenfield FDI in renewables (measured as FDI per USD of GDP).
- Germany is the largest investor in renewable energy in Austria (99%).
- Comparator economies also attracted considerable investment from other EU countries, USA, Canada, Norway and Switzerland.

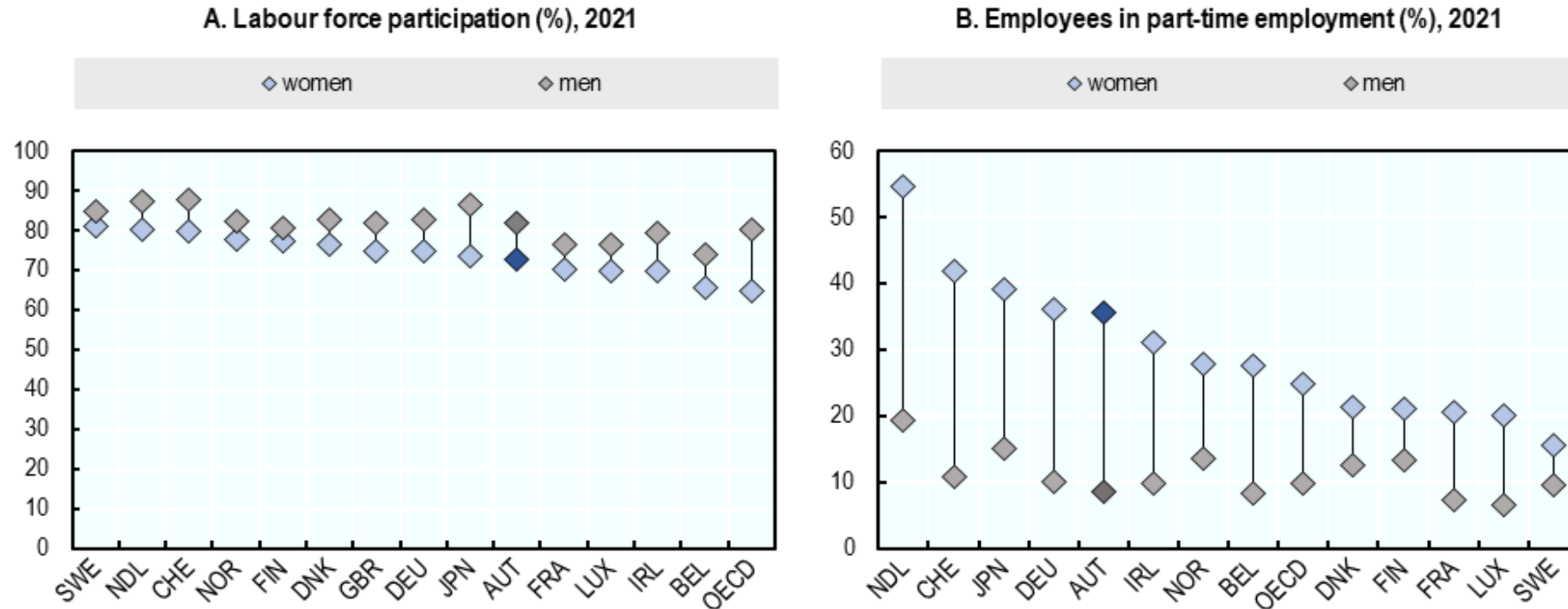
Source: Financial Times' fDI Markets, <https://www.fdimarkets.com/>



# OPPORTUNITIES AND REMAINING CHALLENGES OF CLOSING GENDER GAPS



# Persisting gender stereotypes in Austria are at the root of deep gender imbalances in paid and unpaid work

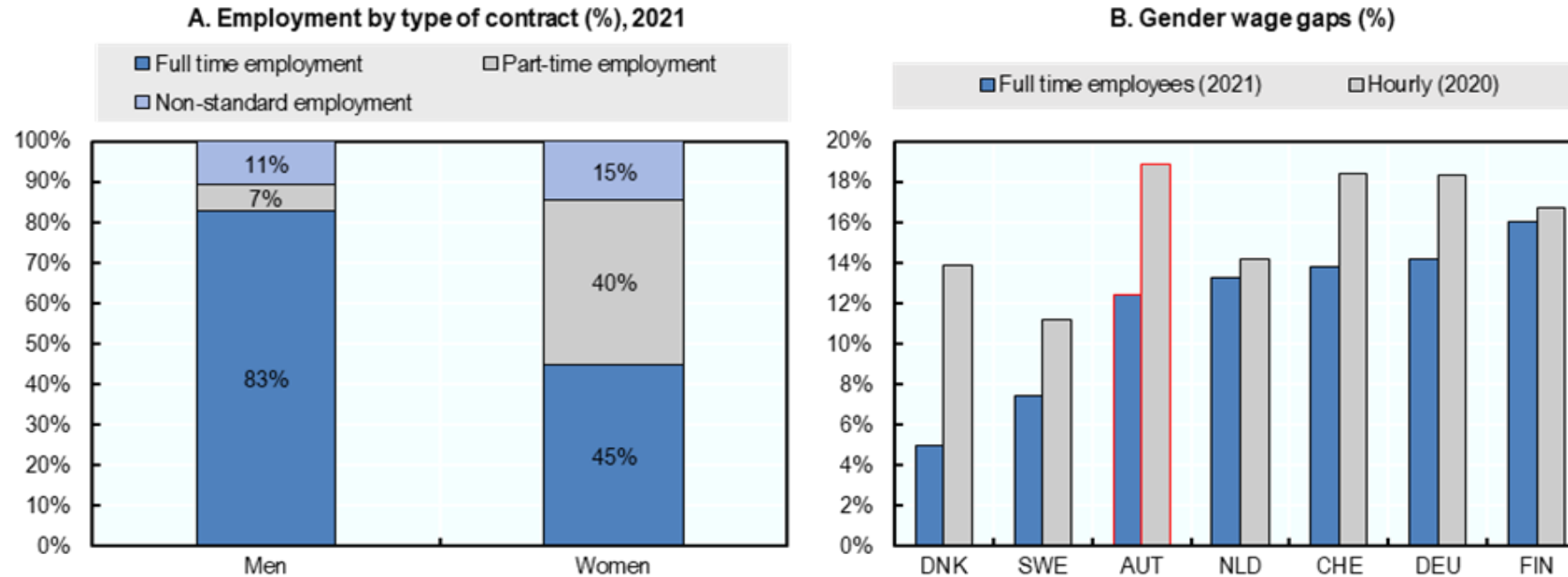


Source: Gender Portal, <https://www.oecd.org/gender/data/>.

- Female labour force participation in Austria (73% vs 82% of men) is higher than in the average OECD (65%), but lower than in several comparators. The percentage of women with part-time jobs (36% vs 8.5% of men) is among the highest in the OECD area.
- Women spend on average 135 minutes more than men in unpaid work and during COVID the took most of the additional unpaid care work caused by the closure of schools.



# Women face worse working conditions than men

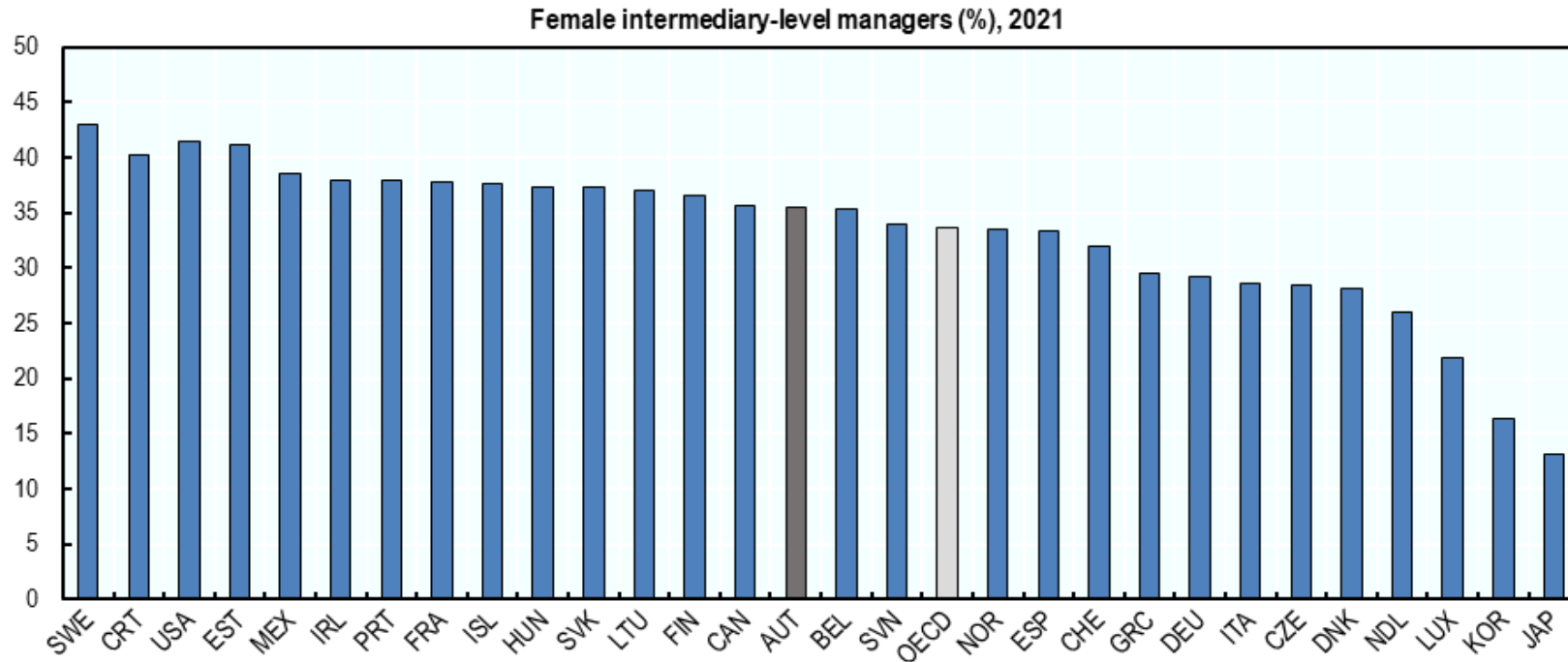


Source: Panel A: Statistik Austria, <https://www.statistik.at/en>; Panel B: Gender Portal, <https://www.oecd.org/gender/data/>; Eurostat, [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_05\\_20/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_05_20/default/table?lang=en).

- The majority of women have part-time or non-standard employment contracts, while most men have standard full-time employment contracts.
- Austria's gender wage gap for hourly wages is the highest in the group of comparator countries. This is due to the incidence of part-time work, differences in tasks and responsibilities with respect to men, and the concentration of women in low-wage firms and industries.



# Few women make it to the top

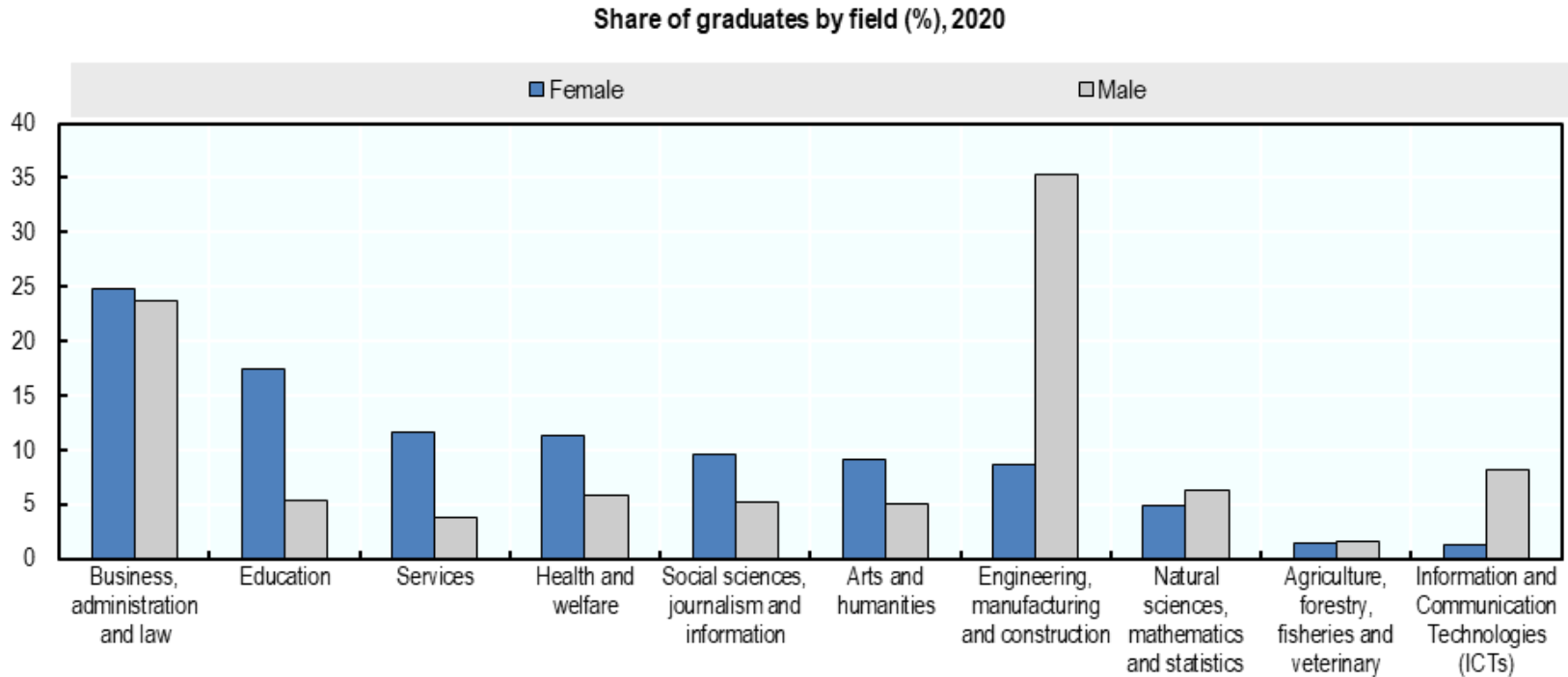


Source: Gender Portal, <https://www.oecd.org/gender/data/>.

- Only 35.5% of intermediary-level managers were women in 2021 in Austria. At senior management levels, the representation of women is even lower (Austrian Chamber of Labour, 2022).
- Women are underrepresented also among entrepreneurs (in 2021, 2.4% of women were entrepreneurs with employees, compared to 6.4% of men).



# Patterns of gender inequality in the labour market originate in the education system



Source: OECD Education at a Glance, <https://doi.org/10.1787/3197152b-en>

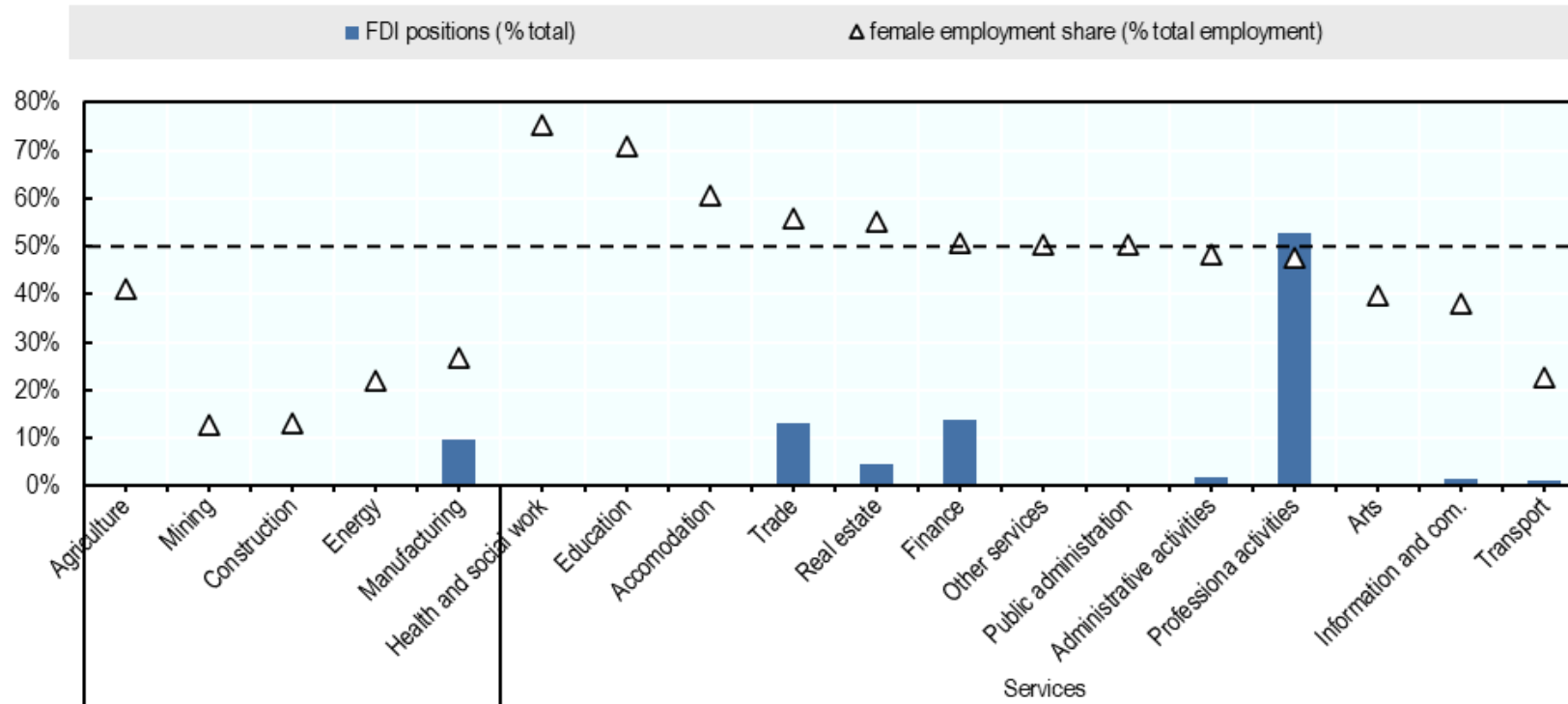
- In Austria, more women than men complete tertiary education (2021, 47% of women compared to 34% of men).
- The OECD PISA tests show that girls' reading skills exceed those of boys, but that boys perform better in mathematics. Moreover, women tend to choose the fields of business, law, education, and services, while men choose scientific and technology fields.



# THE IMPACT OF FDI ON GENDER EQUALITY



# FDI is prevalent in sectors with a good gender balance in employment, but high gender wage gaps

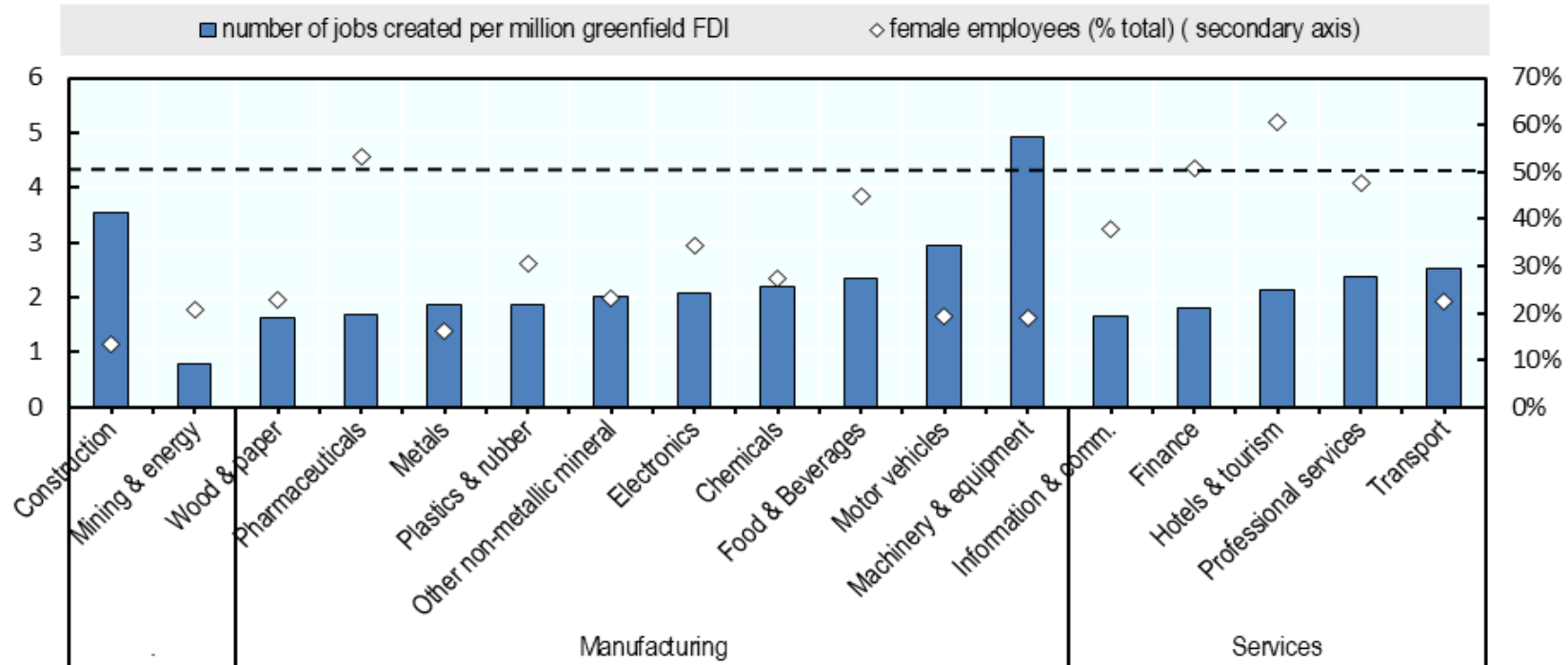


OECD FDI Statistics, <https://stats.oecd.org>; ILOSTAT, <https://ilostat ilo.org/data/>

- FDI is prevalent in services sectors with a good gender balance in employment, namely professional services, finance, trade.
- However, gender pay gaps are larger in these sectors (even though average wage levels of both domestic and foreign companies are higher in these sectors).



# Greenfield FDI has a greater employment impact in sectors with low female participation

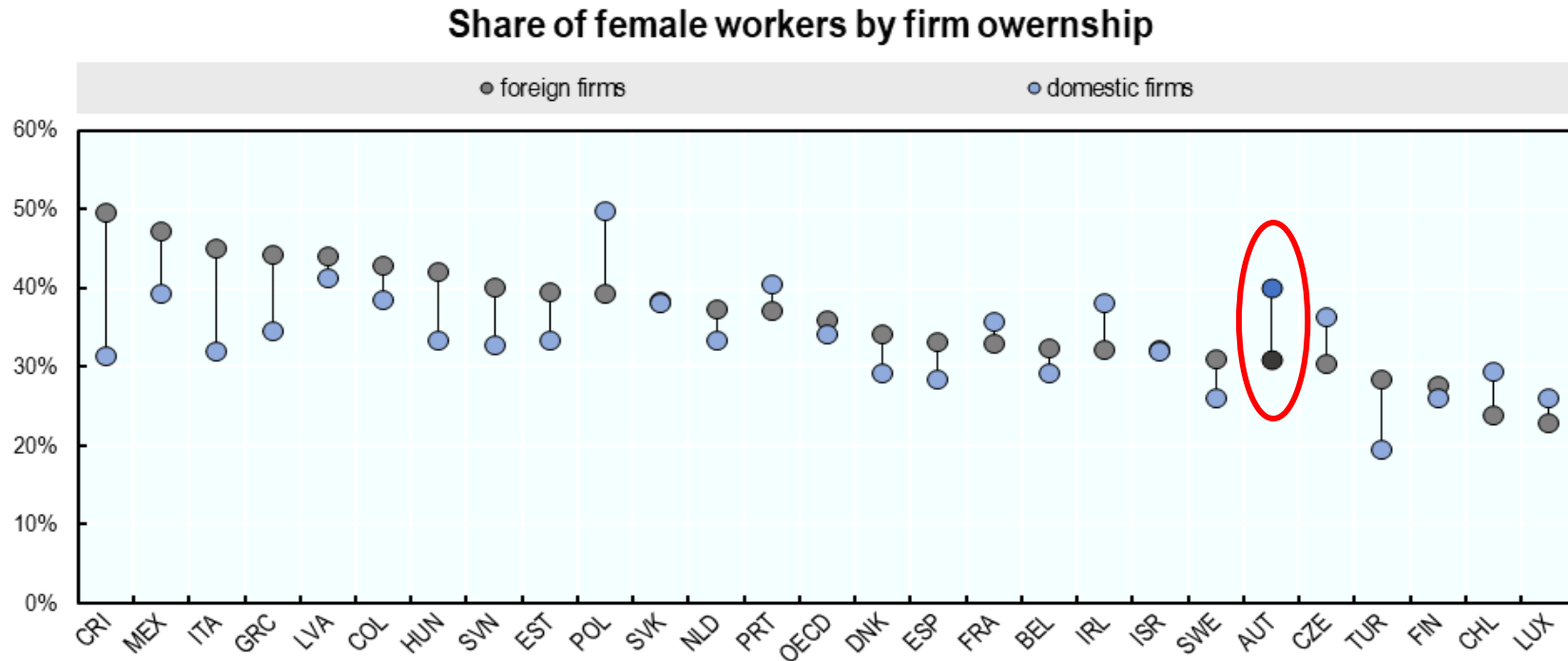


OECD FDI Statistics, <https://stats.oecd.org>; ILOSTAT, <https://ilostat ilo.org/data/>

- Greenfield FDI is concentrated and has a larger employment impact in sectors that employ more men than women: machinery and equipment, motor vehicles, chemicals, construction.
- This suggests that women are less likely than men to benefit from the job opportunities generated by greenfield investments.



# In Austria foreign firms employ lower shares of women than domestic firms

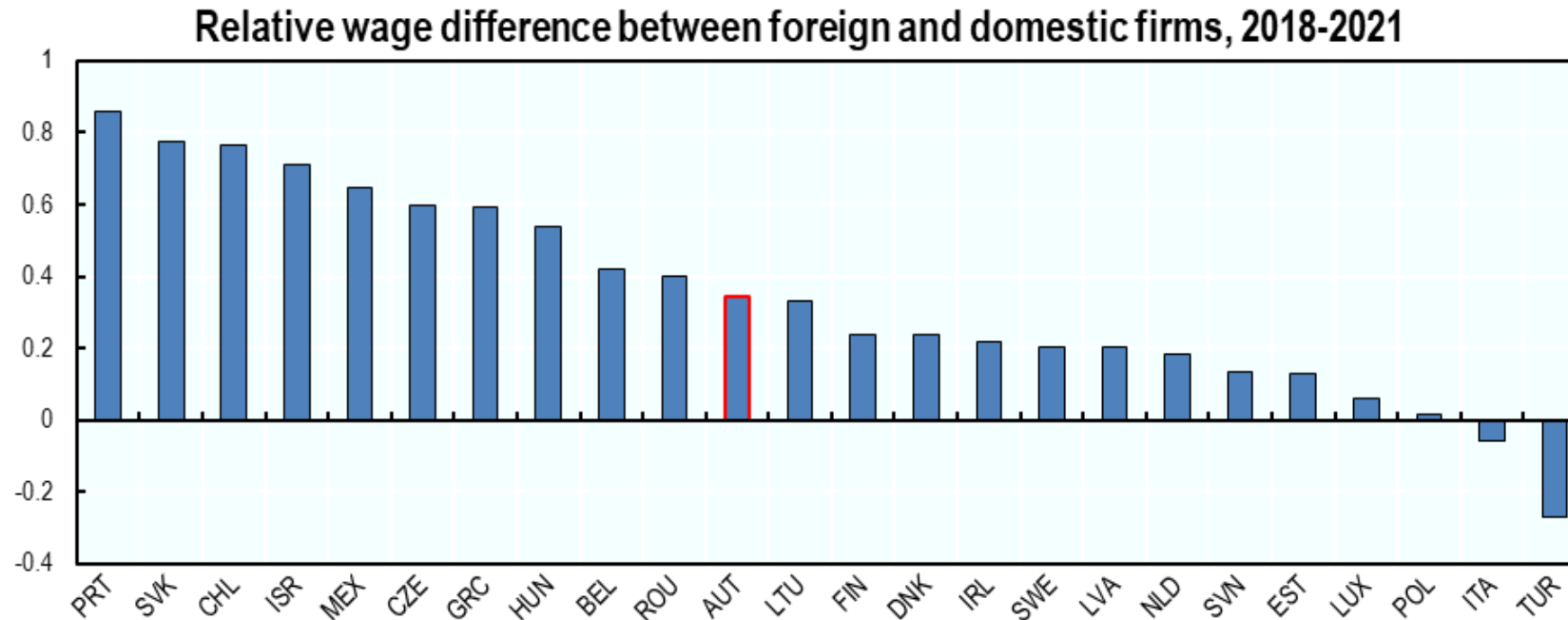


Source: WBES of Austria (2021), <https://www.enterprisesurveys.org/en/data/exploreeconomies/2021/austria>

- In contrast to other OECD countries, foreign firms in Austria employ a lower share of women than domestic firms.
- This gap only exists in plastics and rubber, food, computer activities and construction, while in other sectors the shares of women in foreign and domestic firms are similar.



# In Austria and most OECD countries foreign firms pay higher wages...

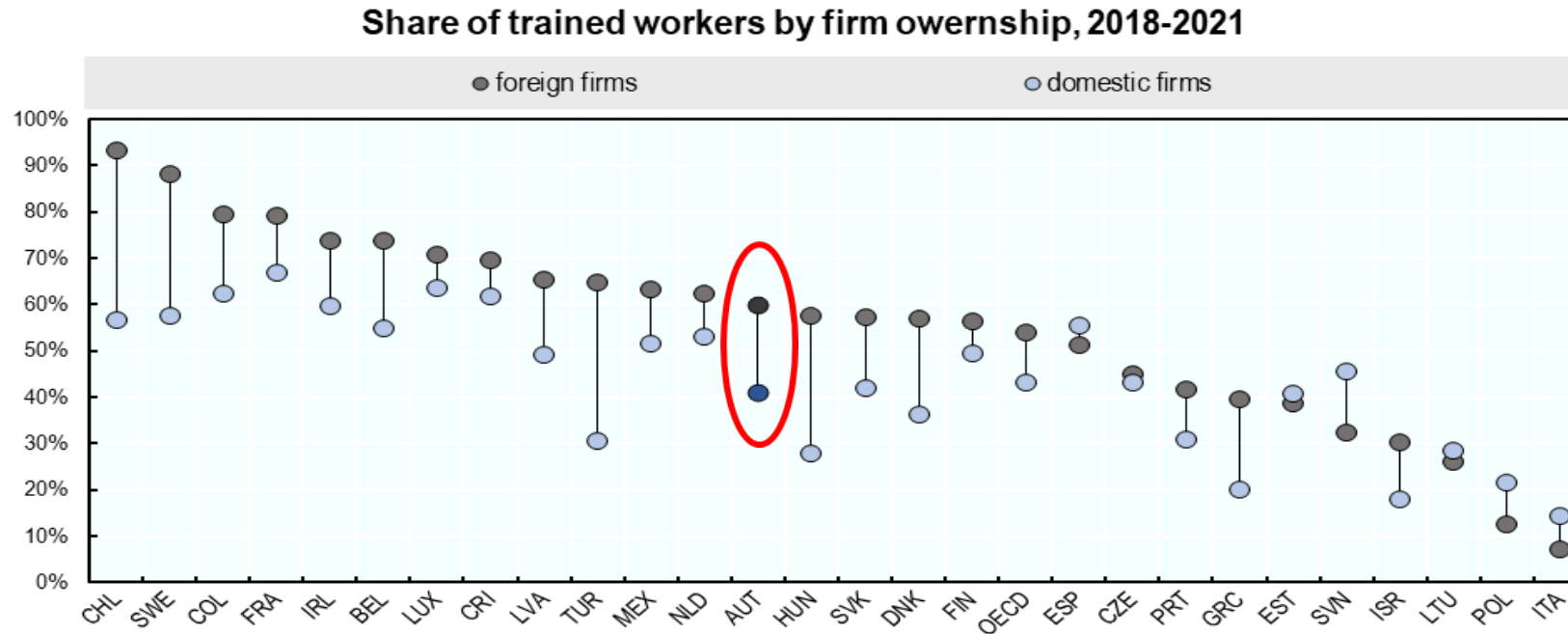


Source: WBES (2018-2021), <https://www.enterprisesurveys.org/en/data/exploreeconomies/2021/austria>

- Foreign firms pay on average higher wages than domestic firms in all sectors. Larger wage premia are found in services sectors (computer activities, transport and retail trade)
- Some evidence shows that even in large foreign multinational companies women tend to be paid less than men for a job of equal value (Boheim and Gust, 2021).



... and have larger shares of trained workers



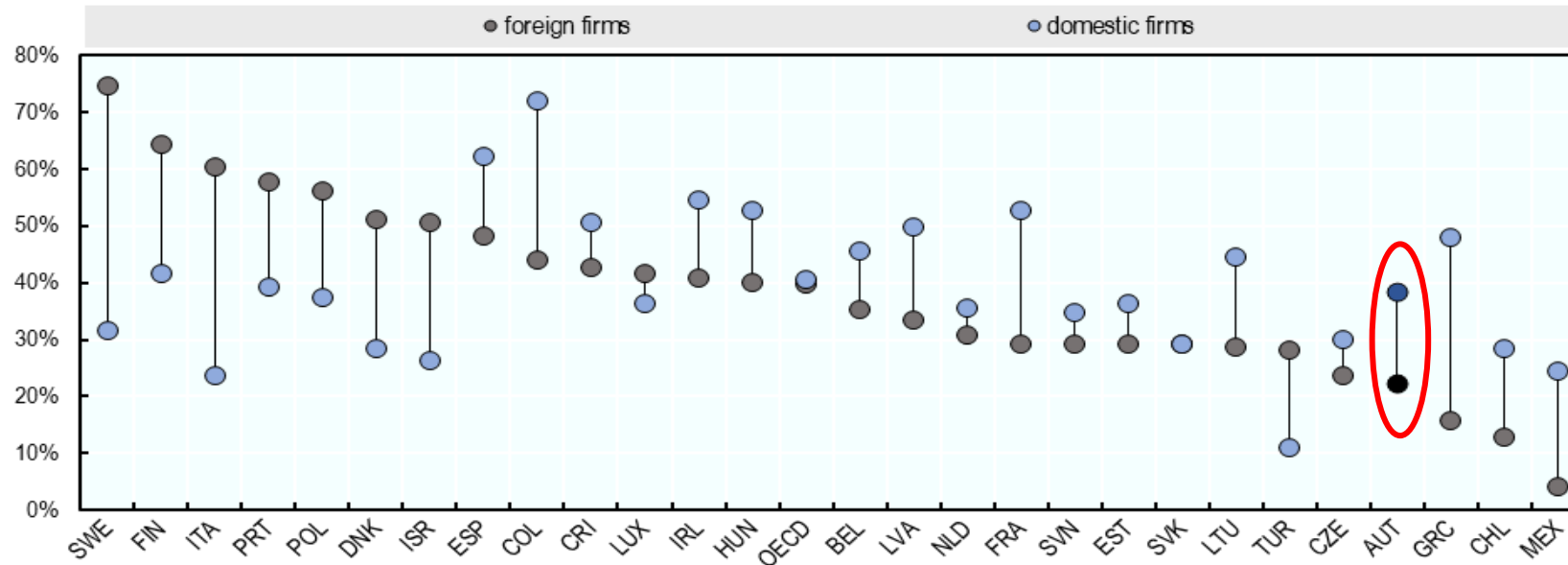
Source: WBES of Austria (2021), <https://www.enterprisesurveys.org/en/data/exploreeconomies/2021/austria>

- In Austria, foreign firms have a higher share of employees who have received training than domestic firms.
- Domestic and foreign firms in Austria have similar shares of skilled workers, although results vary considerably across sectors. These shares are among the highest observed in the group of OECD countries.



# In Austria, a larger share of domestic firms has female owners and a female top manager

Share of firms with female participation in ownership by firm ownership, 2021



Source: WBES of Austria (2021), <https://www.enterprisesurveys.org/en/data/exploreeconomies/2021/austria>

- In Austria, the share of domestic firms with a female owner is higher than that of foreign firms. This can be explained by the higher barriers women entrepreneurs face when trying to enter international markets.
- The share of domestic firms with women top managers is also higher than that of foreign firms.



## Policy considerations

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- ❖ The promotion of gender equality must remain a key policy priority
- ❖ Targeted policies at the intersection of investment and gender policies :
  - Increasing the participation of in sectors where Austria attracts or aims to attract more FDI (e.g. green tech, artificial intelligence)
  - Leverage incentives schemes and certification programmes to promote gender inclusive work practices (e.g. 'equalitA')
  - Mainstreaming gender dimension into the policies and programmes of Austria Business Agency and the Federal Ministry of Labour and Economy
  - Encouraging institutional coordination



# Thank you!

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