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Statistics on the contribution of multinational enterprises to inclusive and sustainable economic growth, full and productive employment and decent work for all

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1. Introduction

Multinational enterprises (MNEs) are prominent economic actors in both developed and developing economies, and are estimated to account for about a third of global output.¹ MNEs are also uniquely placed to help accelerate sustainable development and the creation of decent work. As recognized in the ILO *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (ILO MNE Declaration),² MNEs can bring benefits to home and host countries through direct investment, trade and transfer of skills and knowledge. However, the ILO MNE Declaration also notes the concerns about operations of MNEs and in particular the potential for conflicts with national policy objectives.

The ILO MNE Declaration provides guidance to governments on how to create an enabling environment for the positive contribution that MNEs can make to economic and social progress and decent work. The ILO MNE Declaration also encourages governments to study the impact of MNE operations on labour markets and employment, social security and training, among other issues.³ In this context, statistics on MNEs are essential, and a number of studies have been undertaken with support from the ILO to stimulate a dialogue among national bodies with a view to the identification of good practices and a better understanding of how ILO could support such practices.^{4,5}

ILO aims to help countries to develop cost-effective and standardized methods for collecting data on MNEs which would allow governments to assess and refine their statistical programs and employment policies.⁶ This paper notes main elements of the current state of data collection on MNEs, and proposes areas for further development of data collection programs.

2. Measuring labour market indicators in MNEs

There are few international sources of labour market information on MNEs. Although figures on Foreign Direct Investment are widely available and cited in the context of debates on MNEs, these figures do not measure the economic importance of MNEs⁷ and do not provide direct information on labour market indicators. One exception is the OECD's database on

¹ OECD 2018. Multinational enterprises in the global economy: Heavily debated but hardly measured, available at: <https://www.oecd.org/industry/ind/MNEs-in-the-global-economy-policy-note.pdf>

² 5th Edition, 2017; available at:

<http://www.ilo.org/empent/areas/mne-declaration/lang--en/index.htm>

³ ILO MNE Declaration, e.g. paragraph 15 and subsequent paragraphs.

⁴ ILO 2017. Measurement of the employment and labour-related impacts of MNEs in Mexico: an analysis of two different methodologies, available at:

http://www.ilo.org/empent/Publications/WCMS_620790/lang--en/index.htm

⁵ ILO 2018. Employment in multinational enterprises in Mexico: Analysis of the economic census, available at:

http://www.ilo.org/empent/Publications/WCMS_620791/lang--en/index.htm

⁶ See discussions in ILO Governing Body – POL/MNE segment:

http://www.ilo.org/gb/GBSessions/GB332/pol/WCMS_618048/lang--en/index.htm

⁷ OECD 2018. Multinational enterprises in the global economy: Heavily debated but hardly measured, available at: <https://www.oecd.org/industry/ind/MNEs-in-the-global-economy-policy-note.pdf>

activities of multinational enterprises (AMNE), which contains data from 32 OECD countries as well as Costa Rica and Lithuania. These data are important, also given that OECD economies host the bulk of global foreign affiliates' output, while the majority of outward production is controlled by a small group of OECD countries.⁸

The AMNE database is fed through data have been collected by the OECD since 1995 using joint OECD/Eurostat questionnaires for outward and inward investments separately.⁹ At the national level, this information is in many EU countries collected using data sources that are not necessarily dedicated to MNEs. Rather, information on inward activity is extracted from establishment surveys conducted by statistical offices, as well as from business registers and tax returns. National statistical offices may identify relevant entities using a short questionnaire together with information from registers.¹⁰ For outward data, the AMNE data base is often based on surveys of direct investment carried out by Central Banks. National information is not always available for all countries, industries or years.¹¹

The joint OECD/Eurostat questionnaires include a series of economic variables, for example turnover, production value, value added, investment, export and imports. In terms of labour, variables include the number of persons employed as well as the number of employees. The questionnaire does not capture other labour market indicators, such as hours of work, wages, or institutional information (unionization, collective bargaining).

Labour market indicators for MNEs

Labour market topics that are important for an assessment of MNE activity are listed in the ILO MNE Declaration: employment promotion; social security; elimination of forced or compulsory labour; effective abolition of child labour; equality of opportunity and treatment; security of employment; training; wages, benefits and conditions of work; safety and health; freedom of association and the right to organize; collective bargaining. These topics are also addressed by the Decent Work Indicators (DWI) Framework. This Framework provides a common set of indicators to assess decent work.¹²

Decent Work Indicators are based on various sources, including household surveys, establishment surveys as well as administrative sources. Using these sources in the context of MNEs involves several steps. Firstly, MNEs have to be identified, and secondly data on MNEs has to be collected based on a dedicated survey, or through extraction of relevant data from existing data sources. In many countries, especially outside the OECD, there is little experience in taking these steps.

⁸ Ibid.

⁹ The questionnaires are consistent with Eurostat's Foreign Affiliates Statistics (FATS) Recommendations Manual (Eurostat, 2012).

¹⁰ See, e.g., the questionnaires used by Statistics Sweden, available at: <http://www.scb.se/en/data-collection/surveys/Foreign-controlled-enterprises-in-Sweden/>

¹¹ OECD 2018. Multinational enterprises in the global economy: Heavily debated but hardly measured, available at: <https://www.oecd.org/industry/ind/MNEs-in-the-global-economy-policy-note.pdf>

¹² ILO. 2013. Decent work indicators: guidelines for producers and users of statistical and legal framework indicators. ILO Manual (second version); available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_229374.pdf

Recent studies conducted with support from the ILO illustrate some of the possibilities to assess employment in multinational enterprises in Mexico using both household and establishment surveys.^{13,14} A tripartite workshop validating these studies (Mexico City, Mexico, 2016) and a regional technical workshop (Lima, Peru, 2017) concluded that a clearer statistical definition of an MNE was needed, as well as guidelines for various data-gathering methodologies and indicators.¹⁵

3. Way forward

More work is needed to explore the options for better data on MNE activity, and to identify feasible options in particular for countries with limited or no data in this area.

Some potential activities are the following:

- a. To identify countries that have well-developed methodologies to produce statistics on MNEs; such methodologies could be disseminated with support from the ILO.
- b. To explore opportunities to capture more and better data on MNEs based on existing data sources, such as establishment surveys.
- c. To develop guidelines for the collection of data on decent work in MNEs.

¹³ ILO 2018. Employment in multinational enterprises in Mexico: Analysis of the economic census, available at: http://www.ilo.org/empent/Publications/WCMS_620791/lang--en/index.htm

¹⁴ ILO 2017. Measurement of the employment and labour-related impacts of MNEs in Mexico: an analysis of two different methodologies, available at: http://www.ilo.org/empent/Publications/WCMS_620790/lang--en/index.htm

¹⁵ ILO 2018. Measurement of the employment and labour-related impacts of MNEs: A proposal for action, available at: http://www.ilo.org/empent/Publications/WCMS_620789/lang--en/index.htm