Foreign direct investment as a source of skill-upgrading

-a minor field study in Dakar

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Abstract
The last two centuries have been distinguished by technological innovation, liberalization and globalization of the world economy. Out of this environment the multinational enterprises (MNEs) have arisen -seeking the best profit opportunities around the world without consideration to poverty and equality in the host countries. This has raised the interest of the present study where the objective is to assess the impact MNEs have on the host country in terms of transferring know-how. By testing two hypotheses, the study attempts to analyze whether MNEs entail a transfer of skills and also identifies the extent to which MNEs are a potential source of skill-upgrading. The research is realized by a qualitative minor field study in Dakar where 24 semi-structured interviews are carried out at three MNEs and three Senegalese enterprises. The interviews are jointly analyzed with a theoretical framework in order to determinate if there are significant differences between the two types of enterprises concerning the wage-setting, working conditions as well as transfer of know-how. The result shows that MNEs have more training opportunities then local enterprises, the working conditions do not differ significantly. Further there is no evidence found for MNEs paying higher wages then local enterprises judged by the general attitude of the interviewees. It is therefore assumed to be some labor mobility, implying that the training contributed by MNEs might work a source of skill-upgrade for the workforce in Dakar.
Abbreviations sited

AFD  French Agency Group for Development
APIX  Agence de Promotion de l’Investissement et des Grands Travaux (Promotion Agency of Investment and Big Projects)
FDI  Foreign Direct Investment
IMF  International Monetary Fund
MNE  Multinational Enterprise
R&D  Research and Development
Sida  Swedish International Development Cooperation Agency
TNC  Transnational Enterprise
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1. Introduction

The 20th and 21st centuries have been marked by rapid economic transformation, technological innovation, liberalization and globalization in the world economy. All around the world enterprises and governments are to various extents spending on research and development in order to keep up with competitive technologies, processes, products and services. This is done with the objective to create wealth and a sustainable growth.¹

Out of the economical globalization arises the multinational enterprises (MNEs), searching for profit opportunities anywhere in the world. As Todaro (2000) states, “few areas in the economics of development arouse so much controversy and are subjects to such varying interpretation as the issue of the benefits and costs of foreign direct investment”.²

Mihir A. Desai, C. Fritz Foley and James R. Hines Jr. (2005) have advocated foreign direct investment (FDI) by arguing it to be a substitute for undeveloped countries for reaching growth and catching up in the globalized economy.³ Their main argument in favor of MNEs is that they bring capital increasing the stock of the host country and permitting the Steady State level to rise. Another less mentioned pro feature is that MNEs provide full packages of technological skills, management experience and entrepreneur abilities which can be transferred from the MNEs to their local counterparts by on-the-job training⁴.

Scholars like Becker (1993) and Mankiw (2003) have found empirical evidence that human capital is one of the most important determining factors for large international differences of living standards and economic growth. Further empirics have shown that all countries managing to keep a persistent economic growth also have invested greatly in education and training of their labor forces.⁵

This rises the interest of the present study which emphasizes the importance of the possible skill-upgrade the MNEs could offer host countries.

1.1 Aim of research

The aim of this research is to assess the impact MNEs have on the host country at the micro level. More explicitly the present study aims at analyzing whether MNEs entail a transfer of skills. It is also an attempt to identify the extent to which MNEs are a potential source of skill-upgrading. Dakar; the capital of Senegal, is selected for a minor field study due to its relatively high concentration of MNEs. 24 interviews carried out at three MNEs and three Senegalese enterprises in Dakar will serve as material to identify disparities between MNEs and local enterprises in their training opportunities, working conditions as well as
wage setting. Even thought the present study focuses on skill transfer, the other areas need to be covered as well since they are highly inter-related and will be used as explaining factors.

The result from the interviews will be jointly analyzed with additional information from previous research in order to determine how the MNEs might affect the labor market in Dakar with respect to MNEs as a potential source of skill-upgrading.

The two following hypotheses are tested. They derive from theory that will be further discussed in Chapter 3.

**Hypotheses 1:** Multinational enterprises offer more training opportunities than local enterprises; this could lead to a skill-upgrading of the labor force if the MNEs are operating in sectors that are integrated with the host countries’ economy.

**Hypothesis 2:** Multinational enterprises pay higher wages and offer better working conditions than local enterprises, this could lead to a crowding out effect with a clustering of skilled workers at the MNEs and obstruct the skill-upgrading of the labor force in the host country since there is limited rotation of workers between MNEs and local enterprises.

**1.2 Limitations**

When addressing a topic like skills, both on-the-job training and education are usually included in the discussion. Due to limitations the focus of the present study will lie entirely on skills related to on-the-job training.

As will be discussed later, this essay is not based on a quantitative survey with a representative sample. Thus it must be taken into consideration that the result obtained derives from a qualitative study.

**1.3 Disposition**

The essay is organized as follows; Chapter 1 introduces the topic that will be studied: the aim of the study and its limitations. This is followed by the methodological approach in Chapter 2 where the realization of the study is motivated, the structure of the interviews as well as the implementation of the study in Dakar. Chapter 3 gives the theoretical framework from where the hypotheses are derived and presents evidences from previous research. In Chapter 4 the reader is given a brief background of the labor market and the labor code of Senegal. The result from the interviews is presented in Chapter 5. Finally the concluding analysis in
Chapter 6 returns to the testing of the hypotheses by discussing the results from the point of view of the previous research.

2. Methodological approach

2.1 Quantitative versus Qualitative data

This research is carried out with qualitative data. Qualitative data derives from a non-numerical value; normally this type of data is narrower in its reach but allows for more in-depth explanations compared to a quantitative traditional approach. Studies in economics usually apply statistical methods and use quantitative data based on a representative sample which is viewed as more scientific due to its broad reach and larger external validity. However there are several reasons for applying a qualitative approach in this research. First, the topic addresses issues in an African country where data availability is clearly limited. Second, quantitative research is usually meant to test an existing theory while qualitative research is more open to new perspectives. This study can therefore be a good complement to enhance our understanding of a complex phenomena not grasped by a traditional quantitative approach. Third, qualitative studies typically demands for a closer relationship between the researcher and the studied topic giving the researcher more of the insider’s point of view. This has been possible to conduct since the author is a recipient of a Minor Field Studies Scholarship which has made it possibility to travel to the studied area and allowed direct contact with the studied topic.

2.2 Hypothesis testing justified by a twin approach

By selecting a hypothesis relevant for the research questions, the results from the given observation can be compared to the null hypothesis in order to see if the findings from the sample are compatible with the theory. This is referred to as hypothesis testing. In the present study two hypotheses are tested. The hypotheses concern the relationship between MNEs and the local labor market. For this reason a twin approach is applied, this entails indentifying two enterprises - one Senegalese and one MNE. The objects need to be similar in characteristics such as size and be operating in the same industry in order to be able to make a fair comparison. By creating the sets of twins I try to control for the incidence of disparities between the two groups regarding training opportunities, working conditions as well as wage setting.
2.3 Interview technique

In the research, data is collected by semi-structured research interviews. These types of interviews demand a big deal of work prior to the interviews so that the questions asked will serve as material for the research questions. Since the questions are formulated in order to cover a certain field, they do not have to be coherent from the respondents’ point of view.

All interviews are carried out in the same manner with the same order of questions to all respondents. The answers to the questions in the interview are more or less closed, i.e. the respondent for the majority of questions, chooses from some predefined answers. A minority of questions however allow for more answer possibilities.

The advantage with this type of interview is that it is not very time consuming and does not require for a very experienced interviewer. The result can further be counted to have statistical value. By asking all respondents the same type of questions it allows for a comparison between the different selected groups participating in the research which actually is the point of this research where the objective is to compare MNEs to Senegalese enterprises.

All interviews are recorded by a voice recorder. A clear drawback with this method is that the respondents might become more nervous and hesitant to speak their mind. However the ex-post analysis of the interviews is greatly facilitated with the recording of the interviews.10

2.4 Implementation of minor field study in Dakar, the capital of Senegal.

In order to test the two stated hypotheses, a non experimental approach is applied in the present study. This serves as the core of the research and is implemented by carrying out a twin study where three sets of twins are identified during a two months field study in Dakar. The sets of twin are selected in order to make the sample as representative as possible with respect to the enterprises availability for the research with the aid of the chamber of commerce in Dakar. The selected enterprises belong to the three following industries; tourism & restaurant business, metallurgy industry, and electro technology. At each enterprise one interview is carried out with a representative at the Department of Human Resources in order to establish a good background picture. Further three interviews with employees are conducted at each enterprise, totally there are 24 interviews completed. The interviews cover three main areas: wage setting, working conditions and transfer of skills (for a detailed description of the interviews, see Interview Guide in Appendix IV).
Since the official language in Senegal is French, all interviews are carried out in French and are translated by the researcher. Further there are two versions of all documents provided for the interviews: one in French and one in English.

3. Previous research

3.1 Human capital and economic development

In endogenous growth theory Mankiw (2003) describes how in the long run, technological progresses can make the Steady State level to increase\(^{11}\). According to the Solow growth model, technical progress increasing the productivity of labor, can thus explain the persistent risings of living standards. Further Mankiw argues that the human capital is analogous to technical capital and that recent economic research of economic growth has emphasized the human capital as one of the most important factors for explaining international differences of living standards.

Becker (1993) also explains the variations of living standards by differences of scientific and technical knowledge\(^{12}\). Scientific knowledge is a systematic application in productions on goods nowadays and this has largely increased the value of education, technical schooling and on-the-job training. Further Becker underlines that all countries managing to keep a persistent growth also have invested greatly in education and training of their labor forces. The dynamic economies of South East Asia are stated by both Mankiw and Becker as examples of how drastic upgrades of the human capital have resulted in remarkable economic growth in the past decades. Stressing the importance of the human capital for the economical growth, Becker points out how these tiger economies are in complete lack of natural resources and thus import practically all sources of energy. Instead their rapid growth is derived from an educated and well-trained labor force.

Bigsten (2003) mentions the shortage of human capital as one of the failing factors for the economic growth in African countries\(^{13}\). Senegal has several natural resources like fish, peanuts, phosphate, iron ore, gold, titanium, oil, gas and cotton but this has not been sufficient to ensure a stable growth for the country. One of the reasons for the country's feeble economic performance might therefore be argued to be due to the Senegalese labor force consisting of mainly unskilled workers, as will be described in Chapter 4.
3.2 General training and specific training

Frazis and Loewenstein (2007) describe the human capital as an investment people make in themselves. By purchasing training and education people are able to increase earnings later in life\textsuperscript{14}. The same principle applies to firms investing in employees by on-the-job training to increase the enterprise’s productivity in the future. In Becker’s Human Capital (1993), on-the-job training is divided into two categories; general and specific training\textsuperscript{15}.

General training is the type of training that is useful in many enterprises besides the enterprise providing it. On a competitive labor market the wages are determined by marginal products of other firms. When general training is provided, future wage rate increases as well as future marginal products. An enterprise would thus only benefit from providing training given that the marginal product rises more than their wages. If the training is perfectly general i.e. useful everywhere else, the future marginal product would raise equally in all enterprises, implying that wage rates would rise equally. Consequently the enterprise providing the training would not capture any profit since the future marginal product is not larger than the future wage. Becker therefore argues that the rational enterprise only would offer general training given one condition; that they do not have to pay for the costs of the training. Employees or trainees are willing to pay for general training since it will raise their future wage independently of where they will be working. The costs of the training will thus be paid by the trainees by receiving wages below their current productivity.\textsuperscript{16}

Training that does not increase the marginal productivity equally for the firm providing the training and other firms is referred to as specific training. Completely specific training is training that has no impact on marginal productivity for other firms. When training is completely specific the wage an employee could earn elsewhere would not be connected to the amount of training he has had. In this case the firms would have to pay the cost of the training entirely since no rational employee would pay for a training that would not benefit him. Most types of on-the-job- training is neither completely general, nor completely specific, rather it is something in between. This type of training may be looked upon as a sum of the two components: general and specific training. The firm will pay for the fraction of training that is specific, i.e. the fraction of the cost paid by the firm is positively related to the specific part of the training.\textsuperscript{17}

Among several scholars, Frazis and Loewenstein (2007) have found that firms might share the costs of training with the employee even if it is considered general\textsuperscript{18}. The reasons for this are imperfections in the market. Such imperfections may be asymmetric information; the
employer might not necessarily be able to observe earlier training experience of the worker. Another reason why firms might pay for general training is that each employer requires different mixes of general skills; thus even though the different skills might be general apart, the combination of them is specific. An additional imperfection of the market is that for the employee, the costs of locating and moving to a new job increase with his human capital. Frazis and Loewenstein further mention several empirical evidences where the costs have been shared between employees and firms. The most important studies mentioned showed that the future wages associated with training are more costly than the cost for the training itself.

Figure 3.1 describes skill requirements for different stages of FDI-led industrial development. The model should be read from right to left and is composed by four different phases; the obsolete stage, the mature stage, the growth stage and the R&D stage. The further the industrial development has developed, the further to the left on the curve in the figure, and the harder it becomes to transfer skills since the skills demanded by the MNEs become more and more enterprise-specific and thus not applicable elsewhere. At the mature stage the MNEs’ production is characterized by mature technology. At this point the foreign enterprises are most likely to enter the market due to cheap labor. The work typically demands low-skilled employees working under tight supervision and the training provided is simple. The growth phase comes next, here the MNEs will demand more firm specific skills and workers normally get more comprehensive training in order to increase their technical skills. R&D is the final phase with high skill requirements such as scientists or engineers. Additionally the final phase implies that the industries create and develop firms and systems of their own. In the model the transfer of skills from the MNE to the local firms will be specifically tied to the existing types of MNE, thus this is one determining factor for the development for the local firms. If the MNEs provide skill upgrading that is so specific for the firm that it will not be transferable elsewhere the spillover effect is limited or non-existing. The same would be true if there were no other firms in the same sector as the MNE, this is however not relevant in the present study since the methodological approach entails a twin study.

I argue that the FDI-targeted industries of Senegal are mainly in the mature stage moving towards the growth phase. As will be further discussed in Chapter 4, its workforce consists of mainly unskilled workers. Further the industries operating in the county demand mostly mature technology, with a minor demand for more advanced technologies and skills (see
figure 4.2). A country in such early stage would have mostly general training implying that skills transfer easily between MNEs and local enterprises.

![Diagram showing the reverse product-cycle model and the transfer of technological capability](source)

**Figure 3.1 The reverse product-cycle model and the transfer of technological capability**

*Source: Vind*¹⁹

### 3.3 Training in MNEs as a potential source for skill upgrading, what evidence is there?

MNEs are by Todaro (2000) defined as corporations or enterprises conducting or controlling productive activities in more than one country²⁰. Their central characteristics are their large sizes and their activities are generally controlled by parent companies in their home countries typically located in Europe, USA or Japan. With annual sales volumes exceeding the total GDP of some of the developing countries, Todaro points out the power MNEs have in the host countries. Further he emphasizes that these enterprises are not in the developmental business; their objective is to maximize return to capital by seeking the best
profit opportunities without consideration to poverty and equality in the host countries. Several arguments exist pro and con FDI as a promoting force for development and economic growth. One of the arguments pro brings us to the theoretical framework of Hypothesis 1;

"Multinational enterprises offer more training opportunities than local enterprises; this could lead to a skill-upgrading of the labor force if the MNEs are operating in sectors that are integrated to the host countries’ economy."

A strong argument supporting FDI is as Egger & Pfaffermayr (2001) emphasize, the transfer of production and know-how improvement. It increases the productivity of the FDI-receiving firm and possibly also to other firms in the same industry due to spillover effects. Egger and Pfaffermayr therefore argue that FDI improves the overall industry performance with respect to labor productivity to a larger extent than domestic investment, which is an important contributor to the growth of the home country.\(^{21}\)

Todaro (2000) in the same way describes FDI as a possibility of filling in the gap of skills, management and entrepreneurship. By providing full packages of technological skills, management experience and entrepreneur abilities, skill upgrades can be transferred from the MNEs to the local counterparts by on-the-job training.\(^{22}\)

Vind (2008) states that one of the positive outcomes of FDI is that the MNEs usually provide more training possibilities and thus can be viewed as a source of skill-upgrading.\(^{23}\) Similar evidence have been found by Lipsey (2002) who in his research finds that MNEs tend to invest more in on-the-job training than local enterprises\(^{24}\).

A significant criticism of FDI leads us forward to Hypothesis 2;

"Multinational enterprises pay higher wages and offer better working conditions than local enterprises, this could lead to a crowding out effect with a clustering of skilled workers at the MNEs and obstruct the skill-upgrading of the labor force in the host country since there is limited rotation of workers between MNEs and local enterprises."

Offering higher wages and better working conditions are in many ways positive since the MNEs offers their employees explicitly better living standards. However this might have negative externalities concerning the transfer of know-how.
First I will look what other studies have shown regarding disparities of wage setting and working conditions between local enterprises and MNEs, then I will continue with studies concerning labor mobility between MNEs and local counterparts.

In a study regarding MNEs in India, Venkata Ratnam (1998) confirms MNEs having better working conditions than their local counterparts. He further reveals evidence for MNEs paying higher wages and also having bigger wage dispersions than local enterprises due to the high wages expatriate workers are paid.

Lipsey (2002) in the same way has found strong evidence for foreign owned firms to pay higher wages than local enterprises; MNEs are usually located in the higher paying wage sectors of the economy. Also he states that MNEs tend to hire more educated employees compared to their local counterparts.

Todaro (2000) argues that there are large risks for MNEs developing local elites by offering higher wages and better working conditions, they will thus absorb the best skilled workers and the local labor market is at risk of being undermined.

There are few empirical studies attempting to measure the magnitude of labor turnover from MNEs to local enterprises. Suggi (2000) mentions some studies completed in the field; there are results arguing for the both possible outcomes. Some scholars have found no or limited evidence of labor turnover, while others have found strong. What Suggi concludes from the different studies is that the empirics from samples in Asia, more often show evidence for labor turnover between the enterprises compared to samples in Africa where there is limited turnover. He explains this by arguing that local counterparts are more disadvantaged in Africa compared to in Asia, where the employees from MNEs more easily find similar job opportunities in local enterprises. Suggi further explains the logic of wage-setting of the MNEs as follows; the superior technology and know-how is a key feature that permits them to compete successfully with local firms, therefore they have incentives to obstruct local rivals from the information. The MNEs do this by setting higher wages then local firms. The wage difference can thus be estimated as the value of the technology or know-how.

Gorg (2005) has found that local enterprises with employees who previously worked at MNEs have higher productivity. Even though this is clearly a positive spillover effect, he states that the labor mobility is not always present since MNEs have better economical...
possibilities to offer higher paying wages and bring with them working philosophies that promote better working conditions.29

4. Senegal: background
4.1 The Senegalese labor market

During 1995-2005 Senegal was one of the best performing economies in the Sub-Saharan region with a GDP growth at an average of 5%. In 2006 the economic growth took a downturn but managed to rise again and was in 2007 back on track with encouraging growth rates. Senegal is however, still fighting the battle against poverty with a GDP per capita of US$ 1,79230, placing the country on a 153rd place out of 179 countries according to the UNPD Human Development Index 200831.

With a population of approximately 12 853 000 citizens, the high unemployment rate of 48% leaves the number employed at 4,973 million which mainly consist of unskilled and semiskilled workers. Total adult literacy rate is estimated at 42%, primary school attendance ratio is 58% for males respectively 59% for females, secondary school enrollment ratio is 20% for males and 16% for females32. 77.5% of the labor force is working in the agricultural sector where the main products are peanuts, millets, corn rice and cotton. Remaining 22.5% of the labor force is in the service and industry sector where the main areas are agricultural and fish processing, phosphate mining, construction material, tourism and petroleum refining.33

The government of Senegal is officially welcoming FDI with equal policies for businesses owned or conducted by foreign investors and local firms. In table 4.1 the reader gets an

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<td>FDI inwards (in % of GFCF****)</td>
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<td>FDI stock (in % of GDP)</td>
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"* The UNCTAD Inward FDI Performance index is based on a ratio of the country's share in global FDI inflows and its share in global GDP. ** The UNCTAD Inward FDI Potential index is based on 12 economic and structural variables such as GDP, foreign trade, FDI, infrastructures, energy use, R&D, education, country risk." Source; Crédit Agricole Groupe34
overview of the country’s inward flow, capital stock, performance index. Further the reader gets the possibility to see it in relation to GDP and the “Gross fixed capital formation (GFCF), which measures the value of additions to fixed assets purchased by business, government and households less disposals of fixed assets sold off or scrapped.” Figure 4.1 shows the FDI inflow during 2001-2006 compared to the country’s GDP growth. From table 4.1 and figure 4.1, it is clear that since the FDI is a relatively large part of the country’s economy, it will have a determining impact on the country’s economic performance.

In order to create incentives for investors, the government has created generous policies such as two to three years exemptions from duties on imports not produced locally as well as exempting direct and indirect taxes. Criteria that needs to be fulfilled to qualify for the policies are for example that the investment exceeds more than CFA 5 million (approximately US$ 7000), creates a minimum of three full-time jobs for Senegalese workers, and operates in the sector of fishing, agriculture, animal-rearing and related industries, tourism, manufacturing, mineral exploration, mining, banking, trading complexes and cultural activities (see Figure 4.2 to compare with the key sectors in the country). Senegal has signed several bilateral investment treaties providing recognized standards of compensation in the event of expropriation as well as free transfer of capital and profits in order to catch the attention of

Figure 4.1, FDI inflow in Senegal compared to its GDP growth
Source: Multilateral investment guarantee agency

![Figure 4.1](image)

Figure 4.2, Overview of the eight key sectors for FDI in Senegal
Source: African Foreign Inventory Survey 2003

![Figure 4.2](image)
MNE. Accounting for 25% of all formal enterprises, France is by far the most important foreign investor but even the US, Belgium, Portugal and Germany, have made significant investments in the country.\textsuperscript{38}

4.2 The Senegalese labor code

\textit{General conditions}

According to the Senegalese labor code, everyone has the right to seek employment. Discrimination in work-related situations because of sex, political opinion or belief is forbidden. The state is to provide equal opportunities to all citizens when it comes to the access of employment and professional training without considering race, religion or gender. Payments should be equal for workers performing the same tasks, having the same qualifications, processing the same amount of output regardless of sex, religion, status or age. Salaries should thus be set depending on the type of the employment in the firm and the duration of the work and output.

Since 1997, every employer or worker has the right to bring a case for the labor tribunal by writing a request to the President of the Labor Tribunal. Since 1984 there are 11 operating labor tribunals in Senegal, one for each region. The tribunal, which is composed by a president and judges, treats predominately cases concerning an issue arising from job contracts.\textsuperscript{39}

\textit{Contracts by types}

The labor code applies to all workers except the public administration.

There are four types of employment contracts: open ended contracts, fixed-term contract, contracts of specified duration, and trial contracts. The open ended contract is for long termed employed workers without a specified time period. The specified duration contract is either decided in advance by the two parties or undecided. The reason for why it is undecided could be due to uncertainty of the duration of a future project that is to be finished. The fixed-term contract should be written and have the maximum duration of two years. Every fixed-term contract that exceeds the duration of three months should always be reported to a labor inspector. The trial contracts can be appointed before entering into an open ended contract. The reason for this type of contract is for the employer to test the efficiency or capability of the worker. In this case the contract needs to be written and cannot exceed the duration of 6 months including renewals.\textsuperscript{40}
**Rules regarding female’s working conditions**

There are several statutory rules focusing on women who have been particularly vulnerable on the labor market; women should not have jobs that do not give more than 11 hrs of rest between shifts. A job should never exceed the physical capacity of a woman; if this is questioned, social security as well as labor inspectors may at any time request by an approved doctor, to examine if a given job exceeds the physical capacity of a woman. When requested, this is obligatory. Women should further have one additional day off per year for every child under the age of 14. There are also regulations regarding maternity leave. Women are entitled to be on maternity leave for a period of 14 weeks in the case of pregnancy and are then, not to be seen as a breach of the employment contract. According to the labor code the woman should also be compensated during this period. If the pregnancy affects the woman so that she cannot carry out her duties she may at any time terminate her job and the employer does not have the right to fire her for this reason. The same applies if the work activity gives her complications which obstruct her abilities to carry out her job. To facilitate for women to carry out their duties after having a baby, she has the right to breastfeeding-breaks in every hour. Finally married women can without her husband’s approval join labor unions.\(^{41}\)

**Termination of employment by initiative of the employee**

There are three legal grounds for the employee to terminate his work; by a mutual agreement between the two parties, in case of force majeure and in the case of death of the worker.\(^{42}\)

**Dismissal of employment**

The labor code and the collective agreements regulate the legitimate reason for dismissal. The reasons for dismissal can be divided in to two categories; reasons relating to the employee and reasons relating to the enterprise. The reasons relating to the employee are more complex and include a large number of instances. This is for example poor service, low output, professional incapacity, acts of indiscipline, unjustified absence, violating of professional obligations and civil or criminal offences.

The reasons regarding the interest of the enterprise can be due to the enterprise ceasing its operation or because a cutback due to economic reasons. Misunderstandings, lack of cooperation between the employee and the enterprise, as well as refusal of the worker to accept a modification of his contract, are also justified reasons for dismissal. An enterprise
may not dismiss a worker who is unable to work due to an illness or an accident that obstructs the employee to perform his/ her duties during a period of up to 8 months.  

Notice and prior procedural safeguards

If an employer decides to layoff a worker, he/ she needs to do this by a written notice where it further explains the reason for layoff. The notice time prior to a suspension is regulated by collected agreement or in absence of such, by decree; this period is normally between 8 weeks up to three months. During this period the worker should have at least two days off with full wage where he has the possibility to search for other jobs. If the contract of the employment is broken without notice, the employer has to pay the worker full compensation that corresponds to his normal salary. If the reason for the layoff is due to economical reason, the employer has to consult staff representative for a meeting in order to see if there is a possibility of reducing the hours of work for the employees, before suspending workers.

When it comes to the choice of which employee that should be laid off first, the principle first in last out is applied. Further, to be married is counted as an extra year, as does every child. A worker who has been laid off due to economical reasons, has priority if the enterprise starts to re-hire within the timeframe of two years. The labor code does not state whether or not there should be provision for compensating for dismissal, therefore this is normally regulated by collective agreements.

If a worker is laid off in any way that does not respect the legal procedure, the labor court may examine the case.

5. Result
5.1 Process of interviewing in Dakar
The enterprises were first contacted by phone where the researcher explained her objective and asked if they would be able to participate. When a positive response was given, a meeting was scheduled. At scheduled time, an interview took place at the human resources department in order to collect information about the main features of the enterprise and to answer the questionnaire. The human resource manager was then asked to select three employees of the enterprise. The three employees were to have different types of occupations corresponding to their counterpart in the set of twin. For example one engineer, one executive and one secretary would be selected at both the Senegalese enterprise as well as the MNE. The researcher
usually visited the enterprises a second time for the interviews with the employees. Before each interview each respondent was asked to read a short document where the main objective of the research was presented. Further the document explained that all information collected during interviews was to be kept strictly confidential, see Appendix II and III. The interviews took 15-45 minutes depending on how much the interviewee developed his/her answers. The MNEs were generally harder to get interview permission for, since they follow strict regulations from the head office regarding the information that could be disclosed. There was only one employee chosen that did not want to participate in the interview; another worker was then chosen instead. One of the human resource managers refused to be recorded during the interview, thus notes were taken instead. The researcher got the impression that employees interviewed were not afraid to answer the questions and did not distort the answers to what the employer would want them to say.

5.2 Summary of result

The main objective of this section is not to retell everything said during interviews; rather it aims to capture the prominent features by summarizing the key findings from the interviews. For a more detailed description of the answers, the reader is advised to consult Appendix I where three tables give a description of each participating twin set and comparisons can be made between the two enterprises. The descriptions of the enterprises are entirely based on the interviews completed with the human resources managers since none of the participating enterprises were able to provide an annual report. Following each enterprise description is the table summarizing the answers given by the employees in the corresponding enterprises. The number in the left column refers to the number of the question in the interview guide.

Salaries

In the present study no questions were asked directly about the wage levels since it was a sensitive topic, instead indirect questions were posed.

There was no obvious pattern regarding wage settings. Both MNEs and local enterprises seemed to apply collective agreements for low-skilled positions while the wage for the high-skilled workers was generally set individually throughout a negotiation between the two parties. This was also reflected in the interviews with human resources managers who stated that they needed to set competitive wages when it came to line managers who were really competent.
Regarding wage development for the employees within the enterprise, the interviews showed a wide range of result leaning towards more current augmentations of salaries at the local firms. The local enterprises usually had one yearly wage revision with the possibility to several augmentations according to the performance of the employee. The MNEs generally let their employees compete for the annual augmentation and therefore did not give a general across the board undifferentiated wage increase.

All interviewees said that there were big wage dispersions in the enterprises. This seemed normal since wage level depended on seniority, skill level, work experience and educational attainment. The wage dispersion between natives and expatriates was a hot topic since this was according to the MNEs’ employees, the main cause for wage dispersions in the enterprise. Expatriates followed foreign (in these cases European) labor code where they would be granted a large compensation for the displacement while the native workers did not receive wage compensations when they went abroad.

All workers in local enterprises were satisfied or fairly satisfied with their salaries and a large majority hoped they would stay in the enterprise for a long time; no one was looking for other vacancies. In the MNEs, the workers were fairly satisfied or not satisfied with their salaries. A large majority of the workers were not sure they would stay in the enterprise for a long time, however very few of the employees were actively looking for other vacancies. The high-skilled workers claimed that they did not need look for vacant positions themselves since they would be contacted by interested employers.

When employees were asked if they thought their salary would be inferior/ higher if they worked at the same position at a local/ MNEs, the majority did not think this would affect the salary since the enterprises in Dakar usually follow the same collective agreement that set the standards for the salaries. One worker at a local firm had personal experience from this since he had been working for a MNE before he was contacted by a local enterprise which offered him a higher wage

*Working conditions*

In the twin-set operating in the electro technology there was a 0 vs. 100% difference of local versus MNEs employees actively participating in unions, both according to the human resource manager and the employees. In the other enterprises there was no difference. All participating enterprises had signed collective agreements.
The labor code appeared to be strictly applied when it came to layoffs. In accordance with the labor code there were two legitimate reasons for layoffs; reasons relating to the employee and reasons relating to the enterprise. The first mentioned is complex and usually dependent on the interpretation which was also reflected in the answers given in the interviews. Human resource managers as well as employees generally referred to “mistakes” as a reason for layoffs. Reasons regarding the interest of the enterprise are easier to define, in these cases the labor inspector always had to be contacted before any action were taken. Many times the employees did not have further knowledge about this.

Severance payment was in accordance with the Senegalese labor code, regulated by collective agreement at firm level and could therefore differ. However most interviewees confirmed that there was a severance payment.

Regarding overtime work, the human resource department managers at the MNEs stated in the interviews that their employees worked less overtime than at the local enterprises. However when interviewing the employees, this did not seem to be the case. The MNEs appeared to have a high incidence of overtime. At ABB a technical advisor stated that they usually skipped breaks since they did not have time. Other workers at the same enterprise claimed that it was not rare that they would work until midnight. Furthermore, it had been several occasions when they had stayed in the workshop over night and worked until the next morning when the work would continue throughout the day.

The enterprises with few exceptions, had their own pharmacy and doctor. The MNEs gave the impression to have better health plans than the local enterprises, usually with a higher percentage covered by the enterprise for prescription of medicines and doctor appointments. One MNE even had a prevention fund for common diseases like malaria, HIV/ AIDS and tuberculoses.

It did not seem to be any difference regarding paid holidays for the workers. Both the human resources department and the employees said that they had one month paid vacation/ year. An exception was at twin set 2 operating in the hotel& restaurant business, both these enterprises had several so called “on call” employees who were not entitled to paid holidays.

It appeared that all enterprises respected the labor code concerning maternity leave. All human resource managers and employees said that women giving birth had a 14 week period of maternity leave where she would be paid. In all the enterprises there were several women who had already benefitted from this.
Training opportunities

The most striking difference between local and MNEs were the training possibilities. Even though all human resource managers said that their enterprise offered the workers training once or twice a year, the employees did not confirm this. The employees at the local enterprises rarely had any training. When they participated in training it typically concerned software usage. The MNEs on the other hand, had very frequent training opportunities one to three times a year that usually included all employees. The training usually took place in Dakar where in some cases, an instructor would come from a sister enterprise abroad and give the training. Sometimes training was also offered abroad within the concern. The training was generally paid for by the enterprise, while the workers got wage compensation most of the time. Almost all the employees said that the training they had attended was something that they thought would be useful for positions in other enterprises.

6. Concluding analysis

The most obvious difference between the participating enterprises in the study was that workers in MNEs had much more training than workers in local enterprises - Hypothesis 1 is thus confirmed. The findings in the present study are similar to empirics found by Egger & Pfaffermayr (2001), Todaro (2000) and Vind (2008). From this standpoint it can be argued that according to the result from the interviews, the MNEs seem to directly and indirectly contribute to a skill upgrading of the workforce in Dakar.

As stated in Hypothesis 1, whether or not the transfer of skills can be absorbed by the host country depends partly on whether there are similar industries already operating in the host country. In this research all three MNEs operate in sectors that have several local competitors, thus this can be viewed as MNEs are participating to a direct skill-upgrade.

Whether the training is beneficial for the host country also depends on what type of training that is offered by the MNEs. The result showed that employees generally were paid during training and didn’t have to pay for the training themselves. If Becker’s theory (1993) regarding general and specific training would apply, these findings would mean that the training offered to employees was rather specific. However this does not seem to be the case; almost all the employees thought that the training they had attended would be applicable in other enterprises. Thus Frazis and Loewenstein’s (2007) findings of shared costs between employees and firms, seem to better fit the result. Assuming that MNEs in Dakar offer mostly
general training, it can be presumed that skills transfer easily between firms; this relationship is supported by figure 3.1. The general training confirms that the industrial development in Senegal is mainly in the mature stage moving towards the growth phase, i.e. there is a large possibility of positive spillover effects in terms of MNEs transferring skills to Senegalese enterprises.

MNEs further contribute indirectly to a skill upgrade of workers by their contact with local universities; human recourse managers at MNEs stated in some of the interviews that they were in contact with universities in order to recruit appropriate high skilled workers. This is reflected by disparities of the proportion of skilled versus unskilled workers from the selected sample; the MNEs had a higher share of skilled workers compared to their local counterparts. This was also confirmed by the workers who at the local enterprises sometimes lacked high school diplomas, whereas the workers at the MNEs usually had bachelor’s degrees. The same conclusion can be drawn from the recruitment processes of the enterprises. While the local enterprises frequently had recruited many employees throughout personal contacts, the MNEs generally recruited their workers by putting ads in the newspaper or by recruitment firms where the qualification level was explicitly notified. This should indirectly increase the demand for skilled workers on the labor market of Dakar.

Hypothesis 2 states that MNEs pay higher salaries and offers better working conditions. This would partly counteract the spillover effects regarding the transfer of know-how described by the above paragraph.

The research has shown that working conditions at local and multinational enterprises do not differ significantly. There was no significant difference concerning union density, regulations regarding layoffs and severance payment, paid vacation or maternity leave. While the MNEs seemed to have their workers doing more overtime hours than the local firms, they generally offered their employees somewhat more beneficial health plans. This data discerns from the previous research where Venkata Ratnam (1998), Todaro (2000) and Gorg (2005) found that MNEs usually offered better working conditions than their local counterparts.

There seemed to be some disparities regarding the wage development between the selected MNEs and the local firms. Local firms appeared to have more frequent wage revision and wage increase compared to the MNEs. This might explain why the workers at those firms were often more satisfied with their salaries and said that they planned to stay in the enterprise.
for a long time while employees of MNEs were generally not sure if they would stay in the enterprise in the future.

Interviewees working in MNEs stated several times that they were not satisfied with their salaries because they felt that they had developed a lot within the enterprise without any augmentations of their salaries. Another reason for the dissatisfaction was the high incidence of overtime work.

The employees interviewed did not seem to believe that they would get an inferior salary at a local enterprise; workers said that all enterprises operating in Dakar followed the same collective agreement (which should be an incentive for MNEs to invest since the labor force is cheaper than in western countries). According to the result of the research the enterprises started to overbid each other when it came to high skilled workers.

Venkata Ratnam (1998), Lipsey (2002) and Todaro (2000) all found evidence for MNEs paying higher wages than local enterprises. It results from the analysis of the interviews that there is no proof that the MNEs were overbidding the local firms. Judged by the overall attitude of the workers regarding wage satisfaction, feelings about staying within the enterprise, and believes about salaries in local enterprises/MNEs, the employees did not give the impression of having particular incentives in working for MNEs specifically. One worker in a local enterprise had been transferred from a MNE to a local firm after being offered a higher wage.

Suggi (2000) found that labor turnovers in Africa were relatively limited due to the lack of local counterparts offering similar positions. As he mentions there are few studies in the area because of its complexity. What may be concluded from the present study regarding Hypothesis 2, is that there seems to be weak evidence for MNEs not offering better working conditions than local enterprises. It has to be kept in mind that no data regarding direct wage levels could be collected in the present study, but judged by the general attitude of the workers, there is no evidence for MNEs paying higher wages than local enterprises. The evidence of one labor turnover from a MNE to a local firm is on the other hand not very strong.

From this it’s entailed that there most likely is to be some labor mobility between the MNEs and local enterprises. In order to determine something more precise regarding the extents of the labor mobility, more research needs to be conducted. Therefore Hypothesis 2 can neither be confirmed, nor rejected.
Assuming the existence of some labor mobility, this analyze has showed that FDI might work as a source of skill-upgrade for the host country. This implies that one effect MNEs have on the micro-level of the host country is a positive spillover effect in terms of transferring skills. As Mankiw (2003) and Becker (1993) state in endogenous growth theory: the human capital is a determining factor for economic growth and improvements of living standards. In this research the MNEs can thus be argued to contribute to economic growth by upgrading the labor force which makes it possible for the productivity to increase.

What must be mentioned is however that further research is needed, particularly regarding levels of salaries and labor mobility in order to determine a more clear result of the extents of the impact MNEs have when it comes to transferring of know-how. An implementation of a quantitative study would thus be interesting since it could cover more industries and direct wages could be targeted. By determining directly if there are wage differences between MNEs and local enterprises, brighter light could be shed on the labor mobility and the effect FDI has had on the labor market for the host country.
### Appendix I. Descriptions of participating enterprises and summaries of answers from interviews with employees

*Table A.1*

**Twin set 1, operating in electro technology; enterprise description**

<table>
<thead>
<tr>
<th>#</th>
<th>Questions from interview guide with Humans Resources</th>
<th>Local enterprise; Multi-technique industries</th>
<th>MNE; ABB (Swiss/ Swedish enterprise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Objective/ field of enterprise</td>
<td>Electricity, industrial boiling, mechanical industry, painting, and renting out logistic facilities</td>
<td>Distribution and transport of electric energy. Mechanical industry and vending of ABB machines.</td>
</tr>
<tr>
<td>3</td>
<td>Installation of enterprise in Dakar</td>
<td>1993</td>
<td>1996</td>
</tr>
<tr>
<td>5</td>
<td>Number of employees</td>
<td>19+ up to 30 additional workers after demand</td>
<td>17</td>
</tr>
<tr>
<td>6</td>
<td>Number of fulltime/ part time employees</td>
<td>All employees work full time</td>
<td>All employees work full time</td>
</tr>
<tr>
<td>8</td>
<td>Number of employees on open ended/ limited duration contract/ “on call” workers</td>
<td>14 employees on open ended contract, 5-35 employees on limited duration contract by demand</td>
<td>15 employees on open ended contract, 2 employees on limited duration contract</td>
</tr>
<tr>
<td>8</td>
<td>% of employees on open ended/ limited duration contract/ “on call” workers</td>
<td>56% open ended, 44% limited duration contract</td>
<td>88% open ended, 12% limited duration contract</td>
</tr>
<tr>
<td>10</td>
<td>% of female workers</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>11</td>
<td>% of native workers</td>
<td>100%</td>
<td>87%</td>
</tr>
<tr>
<td>13</td>
<td>% of skilled/ low skilled employees</td>
<td>100% skilled workers</td>
<td>100% skilled workers</td>
</tr>
<tr>
<td>15</td>
<td>% of employees affiliated to a union</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>17</td>
<td>Has enterprise signed collective agreement</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>18</td>
<td>Normal recruiting process</td>
<td>New workers are recruited by contacts from other firms. First workers will be employed as trainees. A list is kept of the fixed duration workers and they are re-employed by demand.</td>
<td>New workers are recruited by notification in the newspaper, applications are examined and called for several interviews.</td>
</tr>
<tr>
<td>19</td>
<td>Normal lay off procedure</td>
<td>A regular worker is given a one month prior notice, an executive three months notice.</td>
<td>One month prior notice.</td>
</tr>
<tr>
<td>20</td>
<td>Severance payment?</td>
<td>Yes</td>
<td>Yes, either a sum corresponding to one month salary or a negotiated sum</td>
</tr>
<tr>
<td>21-22</td>
<td>Wage setting at recruitment</td>
<td>Wage is set individually depending on mainly experience and earlier wage.</td>
<td>Wage is set individually depending on education, experience and earlier wage.</td>
</tr>
<tr>
<td>23-24</td>
<td>Does the enterprise need to set competitive wages?</td>
<td>Yes, they keep good track of competing firms and offer employees highest possible wage.</td>
<td>Yes, they keep good track of competing firms.</td>
</tr>
<tr>
<td>#</td>
<td>Questions from interview guide with employees</td>
<td>Local enterprise; Multi-technique industries (MTI)</td>
<td>MNE; ABB (Swiss/ Swedish enterprise)</td>
</tr>
<tr>
<td>----</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>6-10</td>
<td>Background description of worker; occupation, sex, native/ expatiate, seniority in enterprise, fulltime/part time employee, type of contract</td>
<td>1) Secretary, female, native, 14 years in the enterprise, works fulltime on open ended contract 2) Mechanic/ Electrician, male, native, 14 years in the enterprise, works fulltime on open ended contract 3) Executive electrician, male, native, 9 years in the enterprise, works fulltime on open ended contract</td>
<td>1) Assistant, female, native, 2 years in the enterprise, works fulltime on open ended contract 2) Superior Turbo compressor technician, male, native, 1,5 years in the enterprise, works fulltime on open ended contract 3) Executive Technical Advisor, male, expatiate, 3 years in the enterprise, works fulltime on open ended contract</td>
</tr>
<tr>
<td>11-12</td>
<td>Participation in union, estimated % participation of all employees in enterprise</td>
<td>No worker participates in a union and they estimate that 0% of employees do.</td>
<td>All workers participate in a union and they estimate that 100% of employees do.</td>
</tr>
<tr>
<td>13</td>
<td>How the employees found their job</td>
<td>All employees have gotten their jobs by personal contacts at MTI.</td>
<td>Two of the interviewees got to know ABB after the enterprise made a visit at their university, after that they send ABB their CV and got called for interviews. One employee saw ABB was hiring by an ad in the newspaper, send them his CV and got called for</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>14</strong></td>
<td>Qualification of employees</td>
<td>Two interviewees have high school diplomas and two additional years of studies. One has not graduated high school.</td>
<td>Employees have at least bachelor’s degrees from university.</td>
</tr>
<tr>
<td><strong>15</strong></td>
<td>Lay off procedure &amp; severance payment?</td>
<td>All interviewees claim there are never any lay-offs since it’s hard to find work in Dakar. Interviewees don’t have any knowledge whether there is severance payment or not.</td>
<td>Interviewees say employees can be blamed if a machine breaks, this can lead to a lay-off but usually you will get warnings before. They are aware of the fact that they work with expensive machines.</td>
</tr>
<tr>
<td><strong>16</strong></td>
<td>How was the wage set at entry?</td>
<td>There are collective agreements regulating salaries at entry, for the more skilled workers an individual wage setting seems to have been applied.</td>
<td>All employees state that the wage is set individually at entry by a negotiation between the two parties.</td>
</tr>
<tr>
<td><strong>17</strong></td>
<td>Evolution of wage inside of the enterprise</td>
<td>There is for sure one augmentation of salaries each year, also after good performance of employees.</td>
<td>Every year there is an evolution for each worker where a possible salary augmentation is discussed. Usually there is an augmentation each year if you have performed well.</td>
</tr>
<tr>
<td><strong>18</strong></td>
<td>Wage dispersion within the enterprise</td>
<td>There are natural dispersions because of different positions, seniority and different experience and educational background.</td>
<td>There are natural dispersions because of different positions, seniority and different experience and educational background. However the biggest wage dispersion is between the expatriates and the native line managers. This is because expatriates follow for ex European labor code and natives follow Senegalese labor code. Senegalese workers do not get favourable salaries when they work abroad due to this.</td>
</tr>
<tr>
<td><strong>19</strong></td>
<td>Satisfaction of salary?</td>
<td>All employees are satisfied with salaries but think they are however worth more than they earn.</td>
<td>Interviewees are fairly satisfied with their salaries but all think they should earn more since they feel they have developed a lot within the enterprise.</td>
</tr>
<tr>
<td><strong>20</strong></td>
<td>Do employees think the salary would differ if they worked for a Senegalese/MNE</td>
<td>Interviewees think working for a MNE probably would increase the salary since MNE are more “stable”.</td>
<td>Interviewees think working for a Senegalese enterprise would not affect their salary.</td>
</tr>
<tr>
<td><strong>21</strong></td>
<td>Do employees want to stay in enterprise for a long time or are the looking at other positions?</td>
<td>All interviewees want to stay in the enterprise for a long time and no one is looking for other vacancies</td>
<td>None of the interviewees are sure they will stay within the enterprise for a long time. No one is looking actively at other vacancies. Employees say that other enterprises will contact them as they are high-skilled workers.</td>
</tr>
<tr>
<td><strong>22</strong></td>
<td>Have employees had training possibilities? Where did it occur and do employees think training would be useful elsewhere.</td>
<td>The only training that has occurred has concerned software usage. The training has always been inside the enterprise. Interviewees think what they learned will be useful elsewhere.</td>
<td>The interviewees say that according the regulations of the enterprise there should be training every 3rd month. This does not seem to be the case. The employee working in the office only had English classes as training. The workers from the workshops have both enrolled training in Dakar and abroad at ABB concerns. All the workers think that knowledge they gained by training would be useful elsewhere.</td>
</tr>
<tr>
<td><strong>23</strong></td>
<td>Who paid for</td>
<td>Workers who paid as usual during</td>
<td>Employee who got the English classes</td>
</tr>
<tr>
<td><strong>24</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>25</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
training, where the employees paid during training training and did not have to pay to participate had to pay for it herself; she was not paid during this time. Workers from workshops did not have to pay for the training and they where salaried during the period. However they claimed that they did not get any displacement augmentation as expatriates do when training takes place abroad.

<table>
<thead>
<tr>
<th>30-31</th>
<th>Overtime worked for interviewee and colleagues?</th>
<th>All factory workers work overtime, the staff in the office do not work overtime.</th>
<th>All workers claim they as well as their colleagues work overtime one or several times a week. They skip breaks, work until midnight and one workers even say it had happened several times that they worked all night long until the morning and continued the next day.</th>
</tr>
</thead>
<tbody>
<tr>
<td>32-34</td>
<td>Paid vacation for interviewee and colleagues?</td>
<td>All employees have one month paid vacation/ year.</td>
<td>The worker in the office say she never had paid vacation and that it was the same for her colleagues. The factory workers had one month of vacation and said it was the same for all factory-workers.</td>
</tr>
<tr>
<td>35-37</td>
<td>Health plan for interviewee and colleagues?</td>
<td>All workers agree that there is a health plan within the enterprise which concludes a pharmacy, a doctor. Medicaments and doctor’s appointments are subsidized by 50% of the enterprise.</td>
<td>The interviewees say there is a health plan that covers 80% of the costs for doctor appointments, hospitalization and medicaments.</td>
</tr>
<tr>
<td>38-41</td>
<td>Maternity leave for interviewee and colleagues?</td>
<td>All workers confirm there is maternity leave for the women in the enterprise, they are unsure of how many weeks since they have not themselves benefitted from this.</td>
<td>All workers confirm there is a 14 week maternity leave for the women in the enterprise.</td>
</tr>
</tbody>
</table>

Table A.3
Twin set 2, operating in hotel & restaurant business; enterprise description

<table>
<thead>
<tr>
<th>#</th>
<th>Questions from interview guide with Humans Resources</th>
<th>Local enterprise; Hotel Savana</th>
<th>MNE; Pullman Teranga Hotel (belongs to the French hotel chain Accor hotels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Objective/ field of enterprise</td>
<td>Restaurant and hotel business</td>
<td>Restaurant and hotel business</td>
</tr>
<tr>
<td>3</td>
<td>Installation of enterprise in Dakar</td>
<td>1982</td>
<td>1973</td>
</tr>
<tr>
<td>5</td>
<td>Number of employees</td>
<td>220</td>
<td>224</td>
</tr>
<tr>
<td>6</td>
<td>Number of fulltime/ part time employees</td>
<td>Most workers work fulltime</td>
<td>All workers work fulltime</td>
</tr>
<tr>
<td>8</td>
<td>Number of employees on open ended/ limited duration contract/ ”on call” workers</td>
<td>120 open-ended contracts and 100 limited duration contract</td>
<td>58 open ended contracts, 156 limited duration contracts, 10 ”on call” workers</td>
</tr>
<tr>
<td>8</td>
<td>% of employees on open ended/ limited</td>
<td>54% employees have open-ended contracts, 46 % limited duration</td>
<td>26% open ended contracts, 70% limited duration contracts, 4% ”on call” workers</td>
</tr>
<tr>
<td></td>
<td>duration contract/ “on call” workers</td>
<td>contracts, (“on call” workers occur but number is unknown)</td>
<td>call” workers</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>10</td>
<td>% of female workers</td>
<td>15%</td>
<td>56%</td>
</tr>
<tr>
<td>11</td>
<td>% of native workers</td>
<td>100%</td>
<td>98% natives</td>
</tr>
<tr>
<td>13</td>
<td>% of skilled/ low skilled employees</td>
<td>15% skilled workers, 85% low skilled workers</td>
<td>100% skilled workers</td>
</tr>
<tr>
<td>15</td>
<td>% of employees affiliated to a union</td>
<td>70%</td>
<td>100%</td>
</tr>
<tr>
<td>17</td>
<td>Has enterprise signed collective agreement</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>18</td>
<td>Normal recruiting process</td>
<td>For “normal (low-skilled positions), workers seeking employment usually contact the hotel in order to get an internship. If the hotel is satisfied, the workers are offered a limited duration contract which is renewed twice before the worker is offered a fixed-term contract. For high skilled positions an ad is put in the newspaper.</td>
<td>Notifications are put in the newspaper the best applicants and called for interviews.</td>
</tr>
<tr>
<td>19</td>
<td>Normal lay off procedure</td>
<td>For serious misconduct workers may be laid off directly, normally they would get two warnings before.</td>
<td>For serious misconduct workers may be laid off directly. If there are economical difficulties in the enterprise they will have to contact the labor inspector.</td>
</tr>
<tr>
<td>20</td>
<td>Severance payment?</td>
<td>Yes, but not if you have made a serious mistake.</td>
<td>Yes, but not if you have made a serious mistake.</td>
</tr>
<tr>
<td>21</td>
<td>Wage setting at recruitment</td>
<td>By collective agreement that regulates what salary different types of workers should have according to their educational background and experience.</td>
<td>The salary is set individually depending on experience personality and educational background.</td>
</tr>
<tr>
<td>22</td>
<td>Does the enterprise need to set competitive wages?</td>
<td>No, wages are set by the same collective agreement at all hotels in Dakar.</td>
<td>Yes, the employer gets standard salaries for different positions from the employer’s federation. Competitive salaries are applied for the executives.</td>
</tr>
<tr>
<td>23</td>
<td>Wage evolution within the enterprise</td>
<td>Augmentations occur in accordance with performance, not all workers are given this since they would not make an effort if they knew they would do it. There has to be a competition.</td>
<td>There is for sure an augmentation every year but you can also receive an extra augmentation for good performance.</td>
</tr>
<tr>
<td>24</td>
<td>Is there a large wage dispersion in the enterprise?</td>
<td>Yes, it depends on seniority in the enterprise and performance.</td>
<td>Yes, it depends on seniority in the enterprise and performance.</td>
</tr>
<tr>
<td>25</td>
<td>Does training opportunities occur, if so how often what kind, where?</td>
<td>Training is offered; when the training is abroad, only some employees are selected. Otherwise employees are encouraged to get training themselves but it is up to</td>
<td>All employees get training at least once every year. The training can be related to particularly the position, to some new software or health issues. It can take place inside or outside the</td>
</tr>
<tr>
<td></td>
<td>Questions from interview guide with employees</td>
<td>Local enterprise; Hotel Savana</td>
<td>MNE; Pullman Teranga Hotel (belongs to the French hotel chain Accor hotels)</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------</td>
<td>--------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>31</td>
<td>Is the training self paid or are employees paid during training?</td>
<td>When the training is abroad they have their regular salary plus covered living costs. When they decide to get training in institutions in Dakar the enterprise participate with 50% of the fees. Employees are not paid during this time.</td>
<td>Employees are paid during training and don’t have to pay anything themselves.</td>
</tr>
<tr>
<td>33</td>
<td>% working overtime</td>
<td>70-80%</td>
<td>90%</td>
</tr>
<tr>
<td>34</td>
<td>Is there a particular health plan?</td>
<td>Yes, medicaments and doctor appointments are subsidised. There is also a doctor doing regular health check-ups on all employees.</td>
<td>Yes, the enterprise has a pharmacy and a doctor that the employees can appoint when they need to, this as well as medicaments is subsidized.</td>
</tr>
<tr>
<td>35</td>
<td>Do the workers have paid vacation?</td>
<td>Yes, 24 days/ year. Seniority adds a couple of days.</td>
<td>Yes, one month/ year.</td>
</tr>
<tr>
<td>36</td>
<td>Is there maternity leave?</td>
<td>Yes, 14 weeks</td>
<td>Yes 14 weeks</td>
</tr>
</tbody>
</table>

Table A.4
Twin set 2, operating in hotel & restaurant business; summary of answers from interviews with employees

<p>| | | | |</p>
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;strong&gt;#&lt;/strong&gt;</td>
<td>&lt;strong&gt;Questions from interview guide with employees&lt;/strong&gt;</td>
<td>&lt;strong&gt;Local enterprise; Hotel Savana&lt;/strong&gt;</td>
<td>&lt;strong&gt;MNE; Pullman Teranga Hotel (belongs to the French hotel chain Accor hotels)&lt;/strong&gt;</td>
</tr>
<tr>
<td>6-10</td>
<td>Background description of worker; occupation, sex, native/ expatiate, seniority in enterprise, full-time/part time employee, type of contract</td>
<td>1) Luggage man, male, native, 4 years in the enterprise, works fulltime on &quot;on call&quot; contract 2) Bartender, male, native, 5 years in the enterprise, works fulltime on limited duration contract 3) Executive reception manager, male, native, 15 years in the enterprise, works fulltime on open ended contract</td>
<td>1) Luggage man, male, native, 6 months in the enterprise, works fulltime on &quot;on call&quot; contract 2) Business centre administrative, male, native, 6 years in the enterprise, works fulltime on limited duration contract 3) Executive reservation manager, male, native, 5 years in the enterprise, works fulltime on open ended contract</td>
</tr>
<tr>
<td>11-12</td>
<td>Participation in union, estimated % participation of all employees in enterprise</td>
<td>Answers given by interviewees are different. The ”on call” employee claims they don’t participate in a union and that union density was 0-5%. The other two employees say they participated in a union and that 100% of his colleagues participated.</td>
<td>The ”on call” employee does not belong to a union and he does not think others do as well. The other two workers belong to a union and estimate that 95-100% of employees participate to a union.</td>
</tr>
<tr>
<td>13</td>
<td>How the employees found their job</td>
<td>All workers themselves made spontaneous job applications at the hotel and was called for interviews. The executive have been upgraded by internal recruitment several times.</td>
<td>All workers themselves made spontaneous job applications at the hotel and was called for interviews. Two of the interviewees have been upgraded by internal recruitment.</td>
</tr>
<tr>
<td>14</td>
<td>Qualification of employees</td>
<td>The executive has a high school degree and two years corresponding to the university studies. The other two workers have not graduated from high school.</td>
<td>Two of the interviewees have a bachelor’s degree and one of them has a master’s degree.</td>
</tr>
<tr>
<td>15-16</td>
<td>Lay off procedure &amp; severance payment?</td>
<td>All employees state that if they make a mistake they will be asked for an explanation unless it is a serious</td>
<td>All employees state that if they make a serious mistake they could be fired right away without a severance</td>
</tr>
<tr>
<td>Page</td>
<td>Question/Statement</td>
<td>Response</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>mistake. No one has further knowledge about the procedure but thought there was severance payment.</td>
<td>payment. Usually an explanation would be demanded before. No one has further knowledge about the lay-off procedure.</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>How was the wage set at entry?</td>
<td>Collective agreements had determined the salaries for all interviewees at entry. The agreements decide each position's salary in function of the workers educational background and experience.</td>
<td></td>
</tr>
<tr>
<td>18-19</td>
<td>Evolution of wage inside of the enterprise</td>
<td>Two of the interviewees state their salary has increased every time they have gotten new responsibilities. They have also experienced augmentations when they had performed well. There is no general augmentation each year. The &quot;on call&quot; employees never had an augmentation but he had only been in the enterprise 6 months.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wage dispersion within the enterprise</td>
<td>There is a big dispersion of salaries in the hotel due to different professional positions and different seniority in the enterprise.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Satisfaction of salary?</td>
<td>The interviewees are fairly satisfied with their salary.</td>
<td></td>
</tr>
<tr>
<td>20-21</td>
<td>Do employees think the salary would differ if they worked for a Senegalese/MNE</td>
<td>Interviewees think that all hotels in Dakar pay the same salaries since they follow the same collective agreement.</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Who paid for training, where the training took place, and do employees think training would be useful elsewhere?</td>
<td>Only the executive has enrolled some type of training, this has happened every time he has gotten a new position, it has then occurred in the hotel. The other employees have never enrolled any training.</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Have employees had training possibilities?</td>
<td>Two employees are not sure if they will stay in the enterprise, they state it depends on what carrier opportunities they will be given inside the hotel as well as from other enterprises. The executive states he will stay in the enterprise for a long time since he has been given good opportunities to advance. The &quot;on call&quot; worker is looking for other vacancies while the other two employees are not.</td>
<td></td>
</tr>
<tr>
<td>26, 28-29</td>
<td>Where did it occur and do employees think training would be useful elsewhere?</td>
<td>All interviewees have enrolled training. They say this occurs twice or three times a year. Training will be given either in the hotel in Dakar where someone will come from abroad (usually France) and give training. There is also training available abroad for some employees. All employees think that the gained knowledge will be very useful as long as they remained in the hotel business.</td>
<td></td>
</tr>
</tbody>
</table>
| 27   | Who paid for training, where the training took place, and did not have to pay      | When the training took place in Dakar the interviewees have not been paid but
employees paid during training | anything for it. | they did not have to pay for training. When training took place abroad they would be paid and all travel costs would be covered.
---|---|---
30-31 Overtime worked for interviewee and colleagues? | The executive works overtime and says that other executives are as well. The other two employees do not work a lot of overtime. | The "on call" worker does not work overtime but the other two employees state they work overtime almost every day.
32-34 Paid vacation for interviewee and colleagues? | The "on call" worker does not have any paid vacation and said it is the same for all the "on call" workers. The other two workers state that they as well as all their colleagues have once month paid vacation each year. | The "on call" worker does not have any paid vacation and says it is the same for all the "on call" workers. The other two workers say they as well as all their colleagues have once month paid vacation each year.
35-37 Health plan for interviewee and colleagues? | The "on call" workers states that the workers on his type of contract are excluded from the health plan. The other employees say there is a health plan that is covered by 50% by the hotel for medicaments and doctor appointments. | All the employees say there is a health plan that is covered by 75% by the hotel for medicaments and doctor appointments.
38-41 Maternity leave for interviewee and colleagues? | All interviewees confirm that there is 14 weeks maternity leave. | All interviewees confirm that there is 14 weeks maternity leave.

Table A.5
Twin set 3, operating in metallurgy industry; enterprise description

<table>
<thead>
<tr>
<th>#</th>
<th>Questions from interview guide with Humans Resources</th>
<th>Local enterprise; Cie Senegalaise pour la transformation de metaux</th>
<th>MNE; FUMOA&amp; COFISAC (French and Ivorian enterprise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Objective/ field of enterprise</td>
<td>Industrial fabrication for metal tools for big factories and mechanical instruments.</td>
<td>Production of metallic tools, plastic and wrapping</td>
</tr>
<tr>
<td>3</td>
<td>Installation of enterprise in Dakar</td>
<td>1962</td>
<td>1996</td>
</tr>
<tr>
<td>5</td>
<td>Number of employees</td>
<td>350</td>
<td>510</td>
</tr>
<tr>
<td>6</td>
<td>Number of fulltime/ part time employees</td>
<td>Approximately 300 fulltime and 50 part time employees</td>
<td>210 full time workers and 300 workers on part time</td>
</tr>
<tr>
<td>8</td>
<td>Number of employees on open ended/ limited duration contract/ &quot;on call&quot; workers</td>
<td>Approximately 300 open ended contracts and 50 &quot;on call&quot; workers</td>
<td>184 open ended contracts, 126 limited duration contracts, approximately 300 &quot;on call&quot; workers</td>
</tr>
<tr>
<td>8</td>
<td>% of employees on open ended/ limited duration contract/ &quot;on call&quot; workers</td>
<td>85% open ended, 15% &quot;on call&quot; workers</td>
<td>37% open ended, 25% limited duration contracts and 60% &quot;on call&quot; workers</td>
</tr>
<tr>
<td>10</td>
<td>% of female workers</td>
<td>1%</td>
<td>10%</td>
</tr>
<tr>
<td>11</td>
<td>% of native workers</td>
<td>99%</td>
<td>100%</td>
</tr>
<tr>
<td>13</td>
<td>% of skilled/ low skilled employees</td>
<td>30% skilled workers</td>
<td>100% skilled workers</td>
</tr>
<tr>
<td>15</td>
<td>% of employees</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td>---</td>
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<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>17</strong></td>
<td>Has enterprise signed collective agreement</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>18</strong></td>
<td>Normal recruiting process</td>
<td>Recruitment is done by putting an ad in the newspaper or by a recruitment firm. Candidates are called for interviews and best candidate is selected.</td>
<td>Recruitment is done by putting an ad in the newspaper or by a recruitment firm. Candidates are called for interviews and get to run a medical examination.</td>
</tr>
<tr>
<td><strong>19</strong></td>
<td>Normal lay off procedure</td>
<td>The enterprise will contact the labor inspector who has to approve the decision before any staff is laid-off.</td>
<td>When lay-offs due to mistake by the employees, the worker is asked for an explanation and then they go from there. When there are lay-offs due to economical difficulties of the enterprise the company has to offer the employee a severance payment that both parties agree upon or offer a transfer to another enterprise.</td>
</tr>
<tr>
<td><strong>20</strong></td>
<td>Severance payment?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>21-22</strong></td>
<td>Wage setting at recruitment</td>
<td>Wage is set by collective agreement in accordance with workers educational background and experience.</td>
<td>Wage is set by collective agreement in accordance with workers educational background and experience.</td>
</tr>
<tr>
<td><strong>23-24</strong></td>
<td>Does the enterprise need to set competitive wages?</td>
<td>Yes sometimes; if the enterprise is interested in an executive who is working for a concurrent they will try to overcut the other firms offered salary.</td>
<td>Yes, if they do or not depends on if it’s an important worker that is hard to replace. Important workers are even encouraged by ceremonies and gifts after good performance.</td>
</tr>
<tr>
<td><strong>25-26</strong></td>
<td>Wage evolution within the enterprise</td>
<td>The union sometimes demands for a general augmentation, it can also come with new responsibilities or with good performance. It is not necessary every year.</td>
<td>Sometimes (at least every 3rd year) there is a general wage augmentation. Otherwise an evolution is done each year for every worker and the ones best performing get an augmentation.</td>
</tr>
<tr>
<td><strong>27-28</strong></td>
<td>Is there a large wage dispersion in the enterprise?</td>
<td>Not very much, if there is it is depending on how long the employee has been in the enterprise.</td>
<td>Yes, the biggest dispersion is found between the expatriate executives and the local executives.</td>
</tr>
<tr>
<td><strong>29-30,32</strong></td>
<td>Does training opportunities occur, if so how often what kind, where?</td>
<td>Workers are trained after demand, some professional factory workers are assigned to train the other workers to they develop their skills. Training always takes place inside the enterprise.</td>
<td>Each year executives demand for a certain desired training, the most important are chosen and employees are picked out and sent to training. It can be both academic as well as more work-oriented. Employees are offered training at least once each year and it can take place inside or outside the firm.</td>
</tr>
<tr>
<td><strong>31</strong></td>
<td>Is the training self paid or are employees paid during training?</td>
<td>The employees are paid during training and don’t have to pay for training themselves.</td>
<td>Training is paid for by the enterprise but the employees are not salaried during training.</td>
</tr>
<tr>
<td><strong>33</strong></td>
<td>% working overtime</td>
<td>42%</td>
<td>5-6%</td>
</tr>
<tr>
<td><strong>34</strong></td>
<td>Is there a particular health plan?</td>
<td>There is a doctor and a pharmacy that is 40-60% subsidized by the enterprise.</td>
<td>Yes, the enterprise has its own pharmacy and doctor. All</td>
</tr>
</tbody>
</table>
The enterprise only pays for the most frequent used medicaments. Medicaments and doctor appointments are 100% subsidized. Further all workers participate to prevention funds within the enterprise that is used research for HIV/AIDS, cancer, tuberculoses and other sicknesses.

| 35 | Do the workers have paid vacation? | Yes, one month/ year | One month/ year. Seniority and women with children under the age of 14 gives an additional day |
| 36 | Is there maternity leave? | Yes, 14 weeks | Yes, the woman has to present a medical report that shows that she is pregnant. This allows her to 14 weeks of maternity leave. |

**Table A.6**

Twin set 3, operating in the metallurgy industry; summary of answers from interviews with employees

<table>
<thead>
<tr>
<th>#</th>
<th>Questions from interview guide with employees</th>
<th>Local enterprise; Cie Senegalaise pour la transformation des metaux (CSTM)</th>
<th>MNE; FUMOA&amp; COFISAC (French and Ivorian enterprise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-10</td>
<td>Background description of worker; occupation, sex, native/ expatiate, seniority in enterprise, fulltime/part time employee, type of contract</td>
<td>1) Secretary, female, 10 years in the enterprise, works fulltime on a open ended contract 2) Mechanical press operator, male, native, 15 years in the enterprise, works fulltime on a open ended contract 3) Factory executive, male, native, 19 years in the enterprise, works fulltime on a open ended contract</td>
<td>1) Assistant, female, native, 7 years in the enterprise, works fulltime on a open ended contract 2) Fiscal accounting, male, native, 14 years in the enterprise, works fulltime on a open ended contract 3) Executive controller, male, native 10 years in the enterprise, works fulltime on a open ended contract</td>
</tr>
<tr>
<td>11-12</td>
<td>Participation in union, estimated % participation of all employees in enterprise</td>
<td>The interviewees all say that they belong to a union, they estimate that 100% of the employees do.</td>
<td>The interviewees all say that they belong to a union, they estimate that 95% of the employees do.</td>
</tr>
<tr>
<td>13</td>
<td>How the employees found their job</td>
<td>Two employees where contacted by CSTM when they were working for another enterprise, since they got offered better salaries they started working for CSTM. One employee had made a spontaneous application and been called for an interview.</td>
<td>The interviewees respond differently; one had made a spontaneous application and been called for an interview. One had been contacted and offered a higher salary by the enterprise while working for someone else. One employee was working for an enterprise who had economical difficulties and was thus offered a position at FUMOA&amp; COFISAC.</td>
</tr>
<tr>
<td>14</td>
<td>Qualification of employees</td>
<td>All interviewees have a high school diploma, one has completed two years of studies at university.</td>
<td>All interviewees have a high school diploma, additionally they have one, to respectively 5 years corresponding to university studies.</td>
</tr>
<tr>
<td>15-16</td>
<td>Lay off procedure &amp; severance payment?</td>
<td>Employees do not know the lay-off procedures.</td>
<td>Interviewees agree that you can be fired if you make a serious mistake.</td>
</tr>
<tr>
<td>17-</td>
<td>How was the wage</td>
<td>The employees who had been</td>
<td>The employees say the salaries are set</td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>set at entry?</td>
<td>contacted by CSTM while they were working somewhere else had discussed their wages individually. One interviewee said her salary was set by collective agreement.</td>
<td>by collective agreement which determines different salaries of different positions in function of the workers educational background and experience.</td>
<td></td>
</tr>
<tr>
<td>18-19 Evolution of wage inside of the enterprise</td>
<td>All interviewees state salaries are increased at least every other year and also by performance.</td>
<td>The workers state that the salaries are for sure increased every third year. They can also increase after good performance.</td>
<td></td>
</tr>
<tr>
<td>20-21 Wage dispersion within the enterprise</td>
<td>All interviewees say there is dispersion because of seniority, you could also get bonuses depending on your productivity.</td>
<td>One of the employees says that there are not very big dispersions of salaries. The two others say that there are dispersions depending on different position and seniority in enterprise.</td>
<td></td>
</tr>
<tr>
<td>22 Satisfaction of salary?</td>
<td>Workers are fairly satisfied.</td>
<td>No one of the workers is satisfied with his/ her salary, they further state that you will never be satisfied with your salary.</td>
<td></td>
</tr>
<tr>
<td>23 Do employees think the salary would differ if they worked for a Senegalese/ MNE</td>
<td>The employees don’t think their salary would be different if they worked for a MNE. One of the employees worked for a MNE before CSTM and his salary was inferior there.</td>
<td>Employees do not seem to be aware that they are working for a MNE. However they do not seem to think that the factor if the enterprise is local or multinational would affect the salaries.</td>
<td></td>
</tr>
<tr>
<td>24-25 Do employees want to stay in enterprise for a long time or are they looking at other positions?</td>
<td>The interviewees are hoping to stay in the enterprise for a long time and are not looking for other vacancies.</td>
<td>One of the employees says he dreams about having his own enterprise. However they all want to stay in the enterprise for a long time. No one is looking for other vacancies.</td>
<td></td>
</tr>
<tr>
<td>26, 28-29 Have employees had training possibilities? Where did it occur and do employees think training would be useful elsewhere?</td>
<td>None of the interviewees have enrolled any form of training within the enterprise.</td>
<td>Interviewees state there is training given at least once or twice a year. The training have been hold inside the enterprise and the employees all think that what they learned will be useful for other positions elsewhere.</td>
<td></td>
</tr>
<tr>
<td>27 Who paid for training, where the employees paid during training</td>
<td>-</td>
<td>One of the employees had to pay some of the trainings himself. The others say they did not have to pay for it and that they were salaried as usual during training.</td>
<td></td>
</tr>
<tr>
<td>30-31 Overtime worked for interviewee and colleagues?</td>
<td>All interviewees say they work overtime quite often.</td>
<td>The factory workers all seem to work a lot of overtime while the staff in the bureau does not.</td>
<td></td>
</tr>
<tr>
<td>32-34 Paid vacation for interviewee and colleagues?</td>
<td>All interviewees say they as well as their colleagues have one month/ year paid vacation.</td>
<td>All interviewees state they as well as their colleagues have one month/ year paid vacation.</td>
<td></td>
</tr>
<tr>
<td>35-37 Health plan for interviewee and colleagues?</td>
<td>All employees confirm that there is a health plan which subsidizes doctor’s appointment as medicaments, they are not sure to what percentage.</td>
<td>All interviewees say that the enterprise has its own pharmacy and doctor that is totally free of charge. The enterprise and the employees also participate to prevention funds for common diseases like HIV/AIDS, tuberculosis and malaria.</td>
<td></td>
</tr>
<tr>
<td>38-41 Maternity leave for interviewee and colleagues?</td>
<td>All employees agree that there is 14 weeks of maternity leave, the interviewed woman had herself benefitted from this.</td>
<td>All employees agree that there is 14 weeks of maternity leave.</td>
<td></td>
</tr>
</tbody>
</table>
Appendix II. Presentation of researcher and purpose of research (English version)

Dear Mr, Mrs

I am a student from Växjö University studying economics. I have been lucky to receive a scholarship from the Swedish government which has made it possible for me to go to Senegal and write my bachelor’s thesis which addresses the relationship between foreign direct investment and the Senegalese labor market.

In order to collect information for my thesis I am doing a field study in Dakar where I intend to complete a certain number of interviews with local and expatriate workers at Senegalese as well as multinational enterprises. The purpose with these interviews is to determine if there are significant differences between the two types of enterprises concerning the wage-setting, working conditions for employees as well as transfer of know-how.

Your participation for my research is determinate for the outcome of my thesis. Please note that the interviews are confidential and the information given at the interviews are only to be used for the thesis.

I truly appreciate your participation.

Malin Johansson
Växjö University
School of Management and Economics
Tutor: Professor Dominique Anxo
Appendix III. Presentation of researcher and purpose of research (French version)

Madame, Monsieur,

Je suis étudiante à l’Université de Växjö en licence de sciences économiques. Boursière du Département des Affaires Étrangères Suédois, j’ai l’opportunité de faire un séjour d’étude au Sénégal afin de réaliser un mémoire qui traite de la relation entre les investissements directs étrangers et le marché du travail Sénégalais.

Afin de réaliser ce mémoire, j’ai l’intention d’effectuer un certain nombre d’interviews avec des employés Sénégalais ainsi que des employés occidentaux travaillant pour des entreprises multinationales. L’objectif de ces interviews est de déterminer si des différences significatives existent entre ces deux types d’entreprise concernant le mode de formation des salaires, les conditions de travail et d’emplois ainsi que les transferts de compétences au sein de l’entreprise.

Votre participation à cette étude est déterminante pour la réalisation de mon mémoire. Je tiens des à présent à indiquer que les interviews resteront confidentiels et que les informations collectées seront exclusivement utilisé pour le mémoire.

En vous remerciant d’avance, dans l’espoir de vous lire, veuillez recevoir, Monsieur, Madame, l’expression de mes sentiments distingués.

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Appendix IV. Interview guide for interview with human resources (English version)

Background
1) Name of enterprise
2) What is the purpose of the company, what is being produced, what is served or what is offered?
3) How long have you been in business?
4) Is there a possibility to obtain an annual report?

Personnel
5) Number of employees
6) Number of part-time, full time employees
7) What type of contract is the most usual, open ended contract or fixed-term contract /limited duration contract?
8) Approximately what is the share of employees on open ended contract, fixed-term/limited duration contract,
9) Percentage of workers in the age; under 20, 20-30, 31-45, 45 and older
10) Percentage of female employees
11) Percentage of native workers /number of expatriate workers?
12) Average job tenure, please specify.
13) Concerning the type of workers do you have, what is the percentage of low-skilled workers and high skilled workers?

Union and social dialogue
14) Do the employees of your firm belong to a union?
15) If yes, approximately how many percent of your workers belong to a union?
16) Do you belong to an employer federation?
17) Does your company conclude a collective agreement?

Recruitments/ Lay offs
Recruitment
18) When new staff is recruited, how does the process look like? Do you put an ad in the newspaper, do you do it with help from a recruitment firm etc.?

Lay offs
19) If you need to lay off staff, how much time in advance do you have to give them a notice?
20) Is there some forms of severance payment?
Salary

At entry

21) How is the wage set at recruitment entry? –Do you set an individual wage? If so what are the characteristics of the worker that influences the wage?

22) If the wage is not set individually, is it set by collective agreement or is there any other type of regulation (min wage etc)?

Competitive wages

23) Do you look at wages offered by other competing enterprises before setting the wage?

24) Do you need to set a competitive wage in order to attract/retain workers?

Evolution of wages once inside the enterprise

25) How does the wage develop over time for your employees, is there a seniority principle, is it according to experience or according to individual performance?

26) How often do you revise the wages?

27) Is there a large dispersion of wages between employees in the whole company?

28) Can the wages between employees who are performing the same tasks be different?

Training opportunities

29) Are the employees given training opportunities?

30) If so describe, what kind, how frequently?

31) Are the employees paid during training periods or do they finance the training themselves?

32) Does it take place within the firm or to they go elsewhere?

Working conditions

33) What is the share of employees working overtime?

34) Do you have a particular health plan for your workers?

35) Do the employees have paid vacation? If so, how many days?

36) Do the employees have maternity leave?

37) If so how many of your employees have benefited from this?
Appendix V. Interview guide for interview with human resources (French version)

Le contexte
1) Nom de l’entreprise
2) Quelle est l’activité principale de votre établissement (type de produits ou services)?
3) Depuis quand êtes-vous en activité (date de création de l’entreprise et de l’établissement)?
4) Serait-il possible d’obtenir un rapport annuel?

Le Personnel
5) Vous avez combien d’employées?
6) Vous avez combien d’employés à temps plein, à temps partiel ?
7) Quelle est la forme de contrat de travail la plus usuelle ; Contrat à durée indéterminée, contrat à durée limite. Avez-vous recours à des intérimaires ?
8) A peu près quelle est la part de vos employés ayant des contrats à durée indéterminés (CDI) versus contacts à durée limitée (CDD)/ ou interimaire?
9) Le pourcentage d’employés par tranche d’age; moins de 20, 20-30, 31-45, et plus que 45 ?
10) La parte des femmes dans votre établissement?
11) La proportion d’employés locaux ainsi que la part d’étrangers
12) Avez-vous une forte rotation de personnel, veuillez précisez.
13) Concernant le niveau de qualification quelle est la proportion d’employés qualifiés et d’employés non qualifiés ?

Représentation syndicale et dialogue social
14) Vos employés sont-ils membres d’un syndicat ?
15) Si oui, veuillez préciser le pourcentage membre d’un syndicat.
16) Faites vous partie d’une fédération d’employeurs?
17) Votre établissement signe-t-il une commission collective?

Le recrutement/ le licenciement
Le recrutement
18) Quand vous recrutez des nouveaux employés, comment sont les modes de recrutements? Vous mettez une annonce dans le journal ou vous vous utilisez une agence de recrutement ou d’autres méthodes?

Le licenciement
19) Si vous avez besoin de licencier des employés, il faut les avertir avec combien de temps d’avances (préavis de licenciement)?
20) Y a-t-il une indemnités ou une prime de licenciement?

Le salaire
Salaire d’embauche
21) Comment fixer vous le salaire d’embauche ? Est-ce que les salaires sont individualisés? Si oui, indiquez les caractéristiques des employés qui influencent le niveau de salaire à l’embauche.
22) Si le salaire n’est pas décidé individuellement, y a-t-il un accord collectif, ou d’autres régulations, salaries minimum etc.

Les salaires compétitifs
23) Vous entrez des salaires de vos proche concurrents lorsque vous fixer vos rémunérations?
24) Avez-vous besoin de mettre les salaires compétitif pour attirez/ gardez vos employés ?

Critère d’évolution des salaires au sein de votre établissement
25) Comment les salaires se développent pour vos employées, y a-t-il un évoluent au cours du temps, (principe de séniorité, en fonction de l’expérience professionnelle ou suivant les performances individuelles?
26) Vous révisez les salaires combien de fois dans l’année?
27) Quelle est approximativement la dispersion des salaires au sein de votre établissement?
28) Est-ce que les salaires peuvent varies pour un même poste de travail?

Congés de formation
29) Les employés participent-ils à des formations professionnelles?
30) Si oui, veuillez décrire quel type de formation et combien de fois par année les employés y participent?
31) Les employés sont-ils rémunérés pendant les formations ou doivent-ils payer la formation eux-mêmes ?
32) La formation se passe à l’intérieur de l’entreprise ou à l’extérieur de l’entreprise?

**Les conditions de travail**

33) Quelle est la part des employés faisant des heures supplémentaires ?
34) Avez-vous un plan de santé particulier pour vos employés ?
35) Quel est le nombre de congés payés par an ?
36) Les employées ; ont-ils des congés de maternités ?
37) Si oui, combien de vos employés ont bénéficié d’un tel congé ?
Appendix VI. Interview guide for interview with employees (English version)

Background

1) Name
2) Age
3) Civil status
4) Children
5) Employee of Senegalese/ Multinational enterprise
6) Is the worker a native or an expatriate
7) What is your occupation?
8) How long have you been working for this enterprise?
9) Do you work full-time or part time?
10) Please specify what type of contract you have, fixed-term contract; limited duration contract or open ended contract.

Union and social dialogue

11) Do you belong to a union?
12) How many of your colleagues do you estimate belonging to a union?

Recruitment/ Layoff

13) How did you get this job?
14) What are your qualifications?
15) When there are layoffs, what is the normal procedure?
16) Is there an advance notice and some forms of severance payment?

Salary

At entry

17) When you started this job, how was the wage set? Individually or by collective agreement? If it was set individually, what factors had an influence for the wage setting.

Evolution of wages once inside the enterprise

18) How has your wage developed since you started working in this company?
19) How often is the wage revised?
20) Is there wage dispersion between the employees in the whole company?
21) Is there a dispersion of wages between employees performing the same tasks?

Competing wages
22) Are you satisfied with your salary? If not, how much do you think you should earn and why so?
23) Do you think that you would have a better/inferior income if you worked in a multinational corporation/ Senegalese corporation?
24) Do you see yourself staying in this enterprise for a long time?
25) Are you looking for other vacancies?

Training opportunities
26) Have you had any training opportunities since you started this job? If so please describe what kind, how often?
27) Did you pay for the training yourself?
28) Did it take place inside the firm or outside?
29) Do you think that the skills you have obtained from the training would be useful in other jobs?

Working conditions
Overtime
30) How often do you work overtime?
31) Do many of your colleagues work overtime? Please specify.

Paid vacation
32) Do you have paid vacation? If so, how many days/ weeks?
33) Have you yet benefitted from paid vacation?
34) Have many of your colleagues benefitted from paid vacation, please specify.

Health plan
35) Is there a particular health plan for the employees?
36) Have you ever benefitted from this?
37) Have your colleagues benefitted from this, please specify.

Maternity leave
38) Do the employees have maternity leave?
39) Are you paid during this time?
40) If there is paid maternity leave have you ever benefitted from this?
41) Have many of your colleagues benefitted from this?
Appendix VII. Interview guide for interview with employees (French version)

Le contexte
1) Nom
2) Age
3) Statut civil
4) Enfants
5) Employée d’entreprise Sénégalais/ Multinational
6) Le travailleur est-il local ou immigrant
7) Votre occupation professionnelle?
8) Vous êtes dans cette entreprise depuis combien de temps ?
9) Vous travaillez à temps plein ou à temps partiel?
10) Veuillez préciser votre contrat de travail; contrat à durée indéterminée (CDI), contrat de durée déterminée (CDD), autre?

Représentation syndicale et dialogue social
11) Faites vous partie d’un syndicats?
12) Combien de vos collègues font parti des syndicats?

Le Recrutement/ le Licenciement
13) Comment vous avez trouvé ce travail ?
14) Quels sont vos qualifications ?
15) Pouvez vous décrire les procédures de licenciement ?
16) Y a t-il des indemnités ou des primes de licenciement?

Le salaire
Salaire d’embauche
17) Quand vous avez commencé ce poste, le salaire était décédé comment ? Il était décidé individuellement; ou par une convention collective? Si le salaire était décidé individuellement quels étaient les caractéristiques influant votre salaire selon vous?

Evolution des salaires
18) Comment votre salaire a évolué depuis votre embauche?
19) Combien de fois votre salaire est-il révisé ?
20) Y a-t-il une dispersion des salaires entre les employées dans l’entreprise?
21) Existe-t-il des différences salaires entre employées ayant le même poste de travail ?

Le salaire compétitif

22) Êtes-vous satisfait de votre salaire ? Si non, quel niveau de salaire voudriez vous avoir ? Pourquoi ?

23) Si vous étiez dans une entreprise sénégalais/ multinationale, pensez vous que votre rémunération serait plus bas/ plus élevée ?

24) Comptez-vous de rester dans cette entreprise?

25) Êtes-vous actuellement en train de chercher un autre travail?

Congés de formation

26) Avez vous suivi une formation depuis que vous êtes dans cette entreprise, si oui veuillez préciser, combien de fois etc?

27) Êtiez-vous rémunéré pendant la formation ?

28) Cette formation a elle eu lieu au sein de l’entreprise ou à l’extérieur ?

29) Pensez-vous que la formation que vous avez suivi pourrait être utile dans une autre entreprise?

Les conditions de travail

Les heures supplémentaires

30) Vous arrive-t-il de faire des heures supplémentaires ?

31) Vos collègues, font-ils souvent des heures supplémentaires, veuillez préciser.

Les congés payés

32) Avez-vous des vacances rémunérées ? Si oui, combien de jours/ semaines ?

33) Si oui, avez-vous pris des congés payés ?

34) Vos collègues, ont-il bénéficié de congés payés, veuillez préciser.

Sécurité sociale spécifique à l’entreprise

35) Y a-t-il un plan de santé spécifique à l’entreprise?

36) Avez-vous bénéficié de ce plan de santé ?

37) Avez-vous beaucoup des collègues qui en ont bénéficié, veuillez préciser.

Le congé de maternité

38) Les employés ont-ils des congés de maternités ?

39) Êtes-vous rémunéré pendant cette période ?

40) Si oui, avez-vous bénéficié d’un congé de maternité ?

41) Avez-vous beaucoup des collègues qui en ont bénéficié ?
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