

The Effect of Gender Equality on Economic Growth:

An Empirical Analysis Using Cross-Country Panel Data

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The relationship between gender equality and economic growth has garnered heightened attention, recognizing the pivotal role that gender equality plays in economic development. Despite comprising half of the global population, women and girls continue to face pervasive gender inequality, hindering social progress.

In this study, I apply a theoretical model of economic growth—factors such as labor, capital, and technological progress—to the context of gender equality. I then use empirical analysis methods to examine the impact of equality on economic growth.

This study aims to clarify the impact of gender equality on economic growth through empirical analysis using cross-country panel data. The thesis employs the augmented Solow Model to test gender inequality in education, health, the labor market, and political representation on economic growth. Gender inequality variables are divided into four dimensions, comprising eight independent variables: education (3 variables), health (2 variables), labor (2 variables), and political rights (1 variable). Based on data availability, the empirical analysis is carried out with a sample of 217 countries from 1960 to 2020. Regressions are conducted using five-year averages and period averages for 1960-2020. The data sets used in this study originate from the World Bank Development Indicators (WDI). Three data analysis methods were used: pooled-cross sectional OLS, fixed effects, and system GMM. The analysis results, primarily based on the system GMM, account for potential endogeneity, unobserved heterogeneity, and autocorrelation.

This study is structured as follows: Chapter 1 provides an overview of the status of gender equality. Chapter 2 presents previous research on the relationship between economic growth and gender equality in education, health, labor markets, and politics. Chapter 3 introduces the data, empirical model, and methodology. Chapter 4 explains the results of the regression analysis. Chapter 5 discusses the results and makes recommendations to promote consideration of the relationship between gender equality and economic growth.

The results of the empirical analysis in this paper are primarily based on system GMM. Findings reveal nuanced relationships between gender equality dimensions and economic growth across developed and developing countries. In developing nations, greater gender equality in education, health, labor, and politics positively impacts the economy. In developed countries, while gender equality in education hurts economic growth, gender equality in health, labor, and politics positively impacts the economy. In all countries, particularly in regions where women are traditionally considered inferior to men, increasing the rate of female political participation and leadership could stimulate economic growth.

The findings suggest that advancing gender equality is crucial for sustainable economic growth. This study underscores the multifaceted nature of gender equality and its varied implications for economic growth across different global contexts. It provides empirical evidence that promoting gender equality positively influences economic growth. Therefore, future economic policies across all countries are expected to incorporate gender considerations. This research offers valuable insights and recommendations to help achieve this goal.