

Economic Well-Being and Women Empowerment: A Cross Country Study

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ABSTRACT

Our study examines the association between women empowerment and economic well-being in a cross-country framework. In particular, we look at three different measures of women empowerment – participation in labor force, vulnerable employment, and seats occupied in parliament. We use per capita GDP (measured in 2015 constant USD) as a proxy for economic well-being. Analyzing a sample of 48 Asian countries for the year 2021, we find that per capita GDP is significantly positively associated with women participation in labor market ($\rho = 0.375$), and significantly negatively associated with vulnerable employment ($\rho = -0.610$). However, we do not find any association between per capita GDP and women representation in parliament. While these associations between per capita GDP and women empowerment are robust across different regions in Asia, we observe a significant positive association between economic well-being and women representation in parliament in the Middle East. Thus, our research underscores the necessity for policymakers to prioritize women empowerment initiatives as a strategic approach to foster economic growth.

Keywords: women empowerment, economic well-being, labor force participation, vulnerable employment, political participation

1. Introduction

The value of seeking gender equality has long been recognized around the world. For decades now, development practice and theory have focused on empowering women and recognizing their basic human rights (Annan et al., 2020). However, women continue to face barriers to labor market opportunities and political participation across the world (World Bank, 2007). This makes gender equality a valid policy goal since discrimination against women negatively impacts their overall well-being, including economic development (Niimi, 2009). Gender equality is a top international policy concern due to evidence that improving the welfare of women and closing the disparity in wealth can lead to improved childhood nutrition, reduced

mortality, increased school enrollment, improved maternal and child health, and better natural resource management (Yaya et al., 2018). Thus, women's empowerment and economic development are inextricably linked: on the one hand, development may play a significant role in reducing gender inequality; on the other hand, empowering women can benefit development (Duflo, 2012). For example, studies have shown that working women are more likely to invest in their children's education, nutrition, and health. Having more women in paid employment promotes long-term human capital accumulation. Other studies demonstrate that women's participation in economic activities can improve nationwide outcomes by reducing income inequality, contributing to financial stability, encouraging economic diversification, boosting competitiveness, and lessening the negative consequences of population aging (Bertay et al., 2024).

Our study examines the association between income levels and gender equality in a cross-country framework. In particular, we look at the association between per capita GDP (Gross Domestic Product) and three different measures of women empowerment – women participation in labor force, women engaged in vulnerable employment, and women in parliament – for 48 Asian countries. Thus, our primary research question is “What is the association between economic well-being and women empowerment?”

We find that per capita GDP is significantly positively associated with percentage of women in labor force ($\rho = 0.375$) where as it is significantly negatively associated with percentage of women in vulnerable employment ($\rho = -0.610$). However, we do not find any association between per capita GDP and percentage of seats occupied by women in parliament. Additionally, we examine these associations by region – more specifically, we treat countries in South Asia, South East Asia, and Middle East as sub-samples. The above results are robust for each of these different sub-samples. However, for countries in the Middle East, we observe a significant positive association between per capita GDP and percentage of seats held by women in parliament.

The rest of the paper is organized as follows. Section 2 is a brief discourse on the existing literature and sheds light on our contributions. Section 3 provides a context of the study. Section 4 discusses the data and methods applied. Finally Section 5 highlights the main results and Section 6 concludes and hints at future research directions.

2. Literature Review

To examine the correlation between economic growth and gender equality, it is imperative to first understand gender gap as a economic, social, and political problem. Gender equality suggests that both men and women should have equal access to the same set of benefits and

resources. Thus, gender disparity refers to the fact that males and females do not have equal chances, social treatment, or there exist sex-based perceptions of an individual (Iqbal et al., 2022). For example, it is not uncommon for women in underdeveloped nations to be treated differently than men throughout their lives, including before birth. Thus, they lag behind men in many areas – for every lost woman, many more women are denied an education, a career, or political power that they would have had if they were males (Duflo, 2012).

In light of the above, understanding women's empowerment and targeting it for maximum impact on women, households, and communities is a necessity. Development organizations and governments should prioritize gender as a key policy dimension (World Bank Group, 2012). For example, economic factors such as equal labor force participation for women can have a significant impact on income levels and economic development. Empowering women through employment possibilities boosts GDP by 5-30% yearly, with a greater impact in underdeveloped nations (Wang & Naveed, 2021). According to Elborg et al. (2013), women's labor market engagement can mitigate the impact of a diminishing workforce, resulting in increased growth. Improved economic prospects for women promote overall economic development and reduce the income disparity between the affluent and poor. Unfortunately, in many developing countries, women's economic participation in the labor market remains low, potentially contributing to ongoing income inequality. The disparity is more pronounced in South Asia, where only 37% of women have a bank account compared to 54% of men (Jain-Chandra, 2017). However, a significant improvement in this case can lead to higher income levels. For instance, India's GDP would grow by 8% if the ratio of female/male workers increased by 10% (Sohail, 2014).

Social factors too have a monumental role in the interplay between gender equality and economic growth. For instance, over the last decade, the economies of Asia and the Pacific, as well as the Arab States, have undergone significant transformations. Asian countries have seen a revived enthusiasm for involvement of women in the labor market. However, they continue to face barriers to finding quality work (International Labor Organization (ILO), 2016a) – women from the aforementioned region are overrepresented in low-skilled and low-productivity sectors, as well as informal labor arrangements. For example, women frequently suffer from institutional disparities as well as societal and cultural norms such as their traditional roles as daughters, wives, and mothers. These social norms often situate women in vulnerable employment positions such as in the field of care work – “where women account for three quarters of all paid workers globally but take up more than 80 percent of unpaid care work” (Fiedler, 2020, p.VII). According to estimates, one in every 13 female wage earners in Asia and the Pacific work as domestic workers, frequently in informal settings with low pay and terrible working conditions. Only around 12% of domestic workers in the region are entitled to a minimum wage (International Labor Organization (ILO), 2016b). To promote equitable and sustainable growth,

it is therefore crucial to provide high-quality jobs for female workers, in addition to increasing their labor force participation.

Finally, existing research shows that women have an important role in economic development by participating in civil society, and government, particularly in developing nations (Xu, 2015). However, compared to men, women politicians have significant limitations due to family responsibilities. Women typically spend more time caring for their children – marriage, children, and family responsibilities can prevent individuals from engaging in politics. For example, in Bangladesh, patriarchal traditions such as purdah and tight gender divisions contribute to a low ratio of female legislators (Joshi & Kingma, 2013). Moreover, female legislators are more likely to encounter political threats, leading to a decrease in women's participation in politics (Panday, 2008). This creates unequal distribution of parliamentary seats in developing countries like Bangladesh. The benefits of addressing such unequal distribution can be seen in the work of Jayasuriya and Burke (2013) – it suggests that a greater percentage of female parliamentarians boosts economic growth, and improving equal representation of women in parliaments can aid in faster economic growth (Jayasuriya & Burke, 2013).

In light of these, our study makes the following contributions to the existing literature. First, to the best of our knowledge, this is the first study that looks at the association between economic well-being and women empowerment in a cross-country framework. Second, our paper looks at two dimensions of women empowerment which has been relatively understudied – participation of women in the parliament and women engaged in vulnerable employment.

3. Context

Rising economic inequality in Asia poses a danger to poverty reduction and hinders efforts to address gender inequality. Despite the region's economic progress, the income share of the bottom 70% has decreased while that of the top 10% has substantially increased. The problem finds its source in low wages and unequal workplace rights, notably for women (Oxfam Issue Briefing, 2016). Asian women face hurdles in many aspects of their lives. Empowering women helps both themselves and society. Economic empowerment for women promotes their rights and well-being. In addition, it will reduce household poverty, boost economic growth, raise productivity, and improve efficiency (Sohail, 2014). Hence, deciphering the correlation between gender equality and income levels can provide evidence on how to navigate policies surrounding women's empowerment in Asian countries.

4. Data

The primary objective of this study is to assess the correlation between women empowerment and economic well-being. We use data from the World Bank's Gender Data Portal for this.

Utilizing a cross-country analysis, we investigate how various dimensions of women empowerment—such as education, labor force participation, and political representation—impact economic growth. Employing robust econometric techniques, we find a significant positive correlation between women empowerment indicators and per capita GDP. Our findings suggest that enhancing women's roles in economic and social spheres not only promotes gender equality but also serves as a catalyst for sustainable economic development. The implications of this research underscore the necessity for policymakers to prioritize women empowerment initiatives as a strategic approach to foster economic growth. the year 2021. The data has been drawn from four separate reports, labor force participation (World Bank Gender Data Portal, 2021b), distribution of parliamentary seats (World Bank Gender Data Portal, 2021c), vulnerable employment rates (World Bank Gender Data Portal, 2021d), and GDP in constant US Dollars (World Bank Gender Data Portal, 2021a). The data retrieved has been for 48 Asian countries excluding Taiwan, Hong Kong, and Macau. The sample comprises of 12 high-income countries, 12 upper middle-income countries, 20 lower middle income countries, and, 4 low-income countries (Hamadeh et al., 2022). We also examine the association between economic empowerment and economic well-being by region : Middle East, South Asia, South-East Asia, and Other Countries.

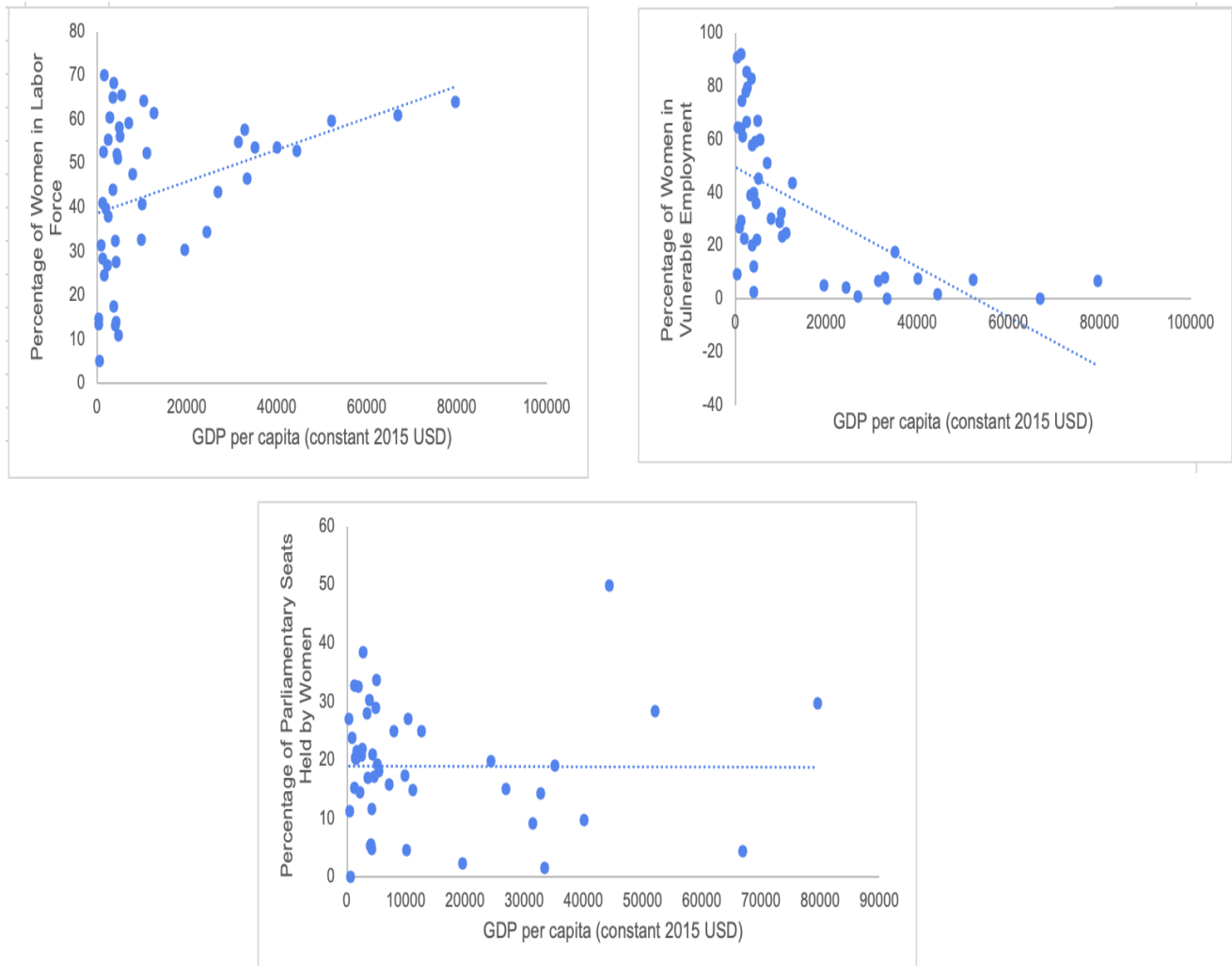
The mean (standard deviation) of per capita GDP (in constant 2015 USD), women's labor force participation rate, fraction of women in vulnerable employment, and percentage of women in parliamentary seats in our sample are 13539.68 (18402.64), 44.11% (17.98), 37.80% (28.98), and 18.98% (10.46) respectively.

5. Results

Below we look at the association between different measures of women empowerment and per capita income. Note that this is purely a correlational exercise, and does not hint at causality. For example, while we treat the different measures of women empowerment as the outcome variables of interest and per capita income as the explanatory variable, it is plausible that there is reverse causality, whereby greater women empowerment may cause an improvement in economic well-being. In this study, we look at the association between women empowerment and economic well-being by means of simple correlations and scatter plots.

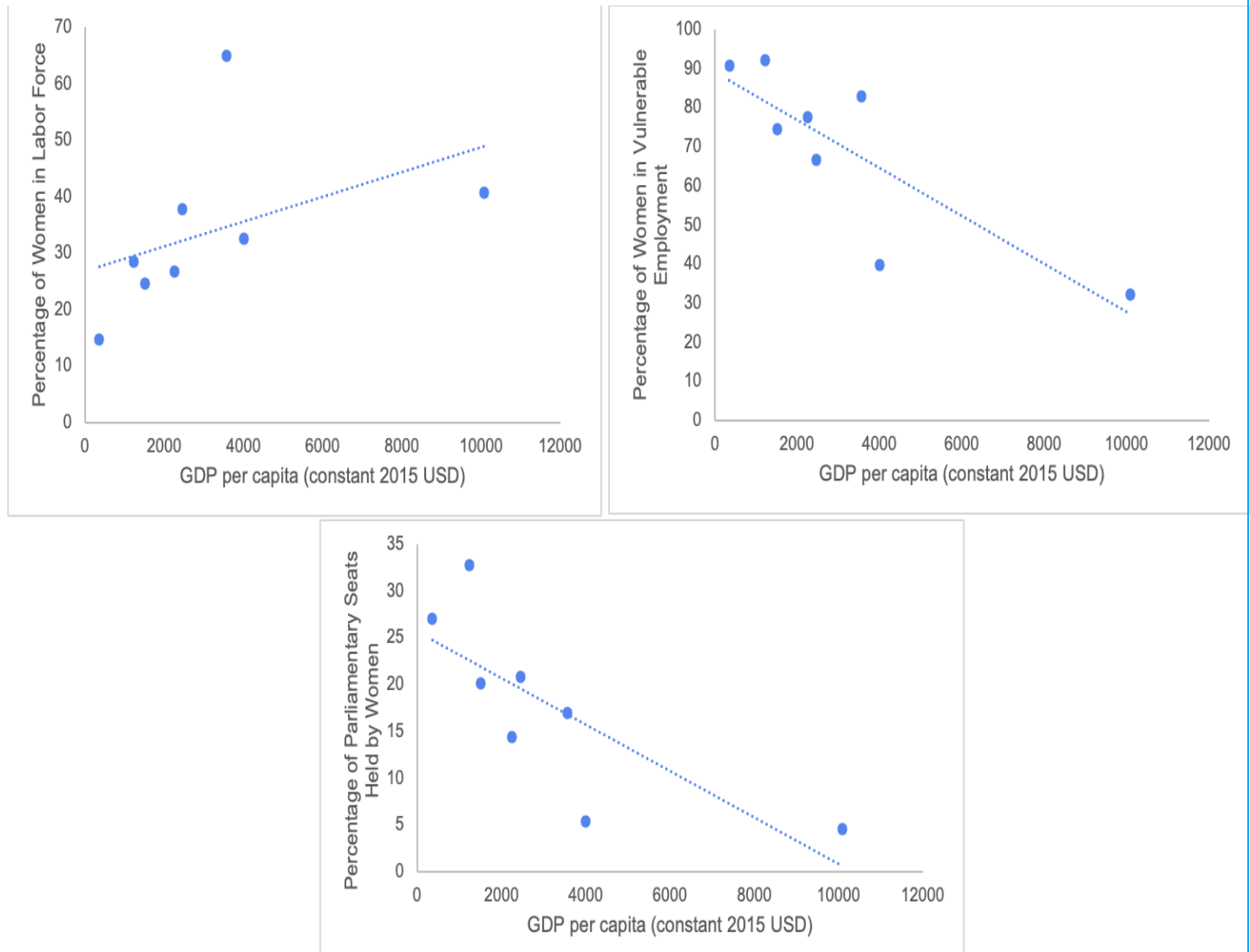
Figure 1 shows the association between different measures of women empowerment and per capita income for the pooled sample. While per capita income is significantly positively associated with percentage of women in labor force ($\rho = 0.375$), there is a strong negative correlation between per capita income and percentage of women in vulnerable employment ($\rho = -0.610$). However, we do not observe any association between economic well-being and political representation of women as measured by percentage of seats held in parliament.

Figure 1: Association between Women Empowerment and Economic Well-Being: All Countries



Next, we examine these associations by region, namely, South Asia (Figure 2), South East Asia (Figure 3), and Middle East (Figure 4). The above results are robust across different regions. For South Asia, similar to the pooled sample, we observe a significant positive correlation of per capita income with women’s labor force participation ($\rho = 0.446$), and a significant negative correlation with vulnerable employment ($\rho = -0.829$). However, contrary to the pooled sample, we observe a significant negative correlation between per capita income and percentage of seats held by women in parliament ($\rho = -0.773$). While this may seem concerning, it is plausibly due to limited variation in women representation in parliament among the 8 countries.

Figure 2: Association between Women Empowerment and Economic Well-Being: South Asia



The results are also quite robust for South East Asia and Middle East. For countries in South East Asia, we observe a significant positive correlation of economic well-being with percentage of women in labor force ($\rho = 0.240$) and a significant negative correlation with percentage of women in vulnerable employment ($\rho = -0.788$). Similar to the pooled sample, there is no association between per capita income and percentage of seats held by women in parliament in South East Asia. The results are qualitatively and quantitatively similar for the Middle East, the only departure being we observe a significant positive correlation between per capita income and percentage of seats held by women in parliament ($\rho = 0.293$).

Figure 3: Association between Women Empowerment and Economic Well-Being: South East Asia

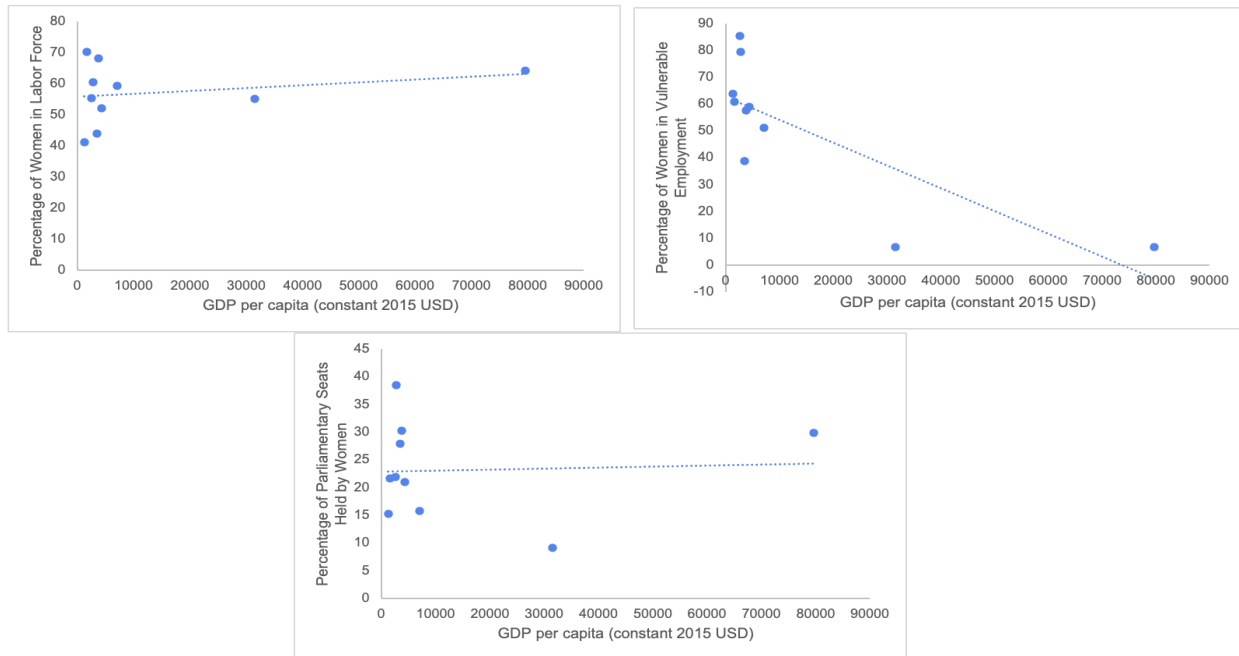
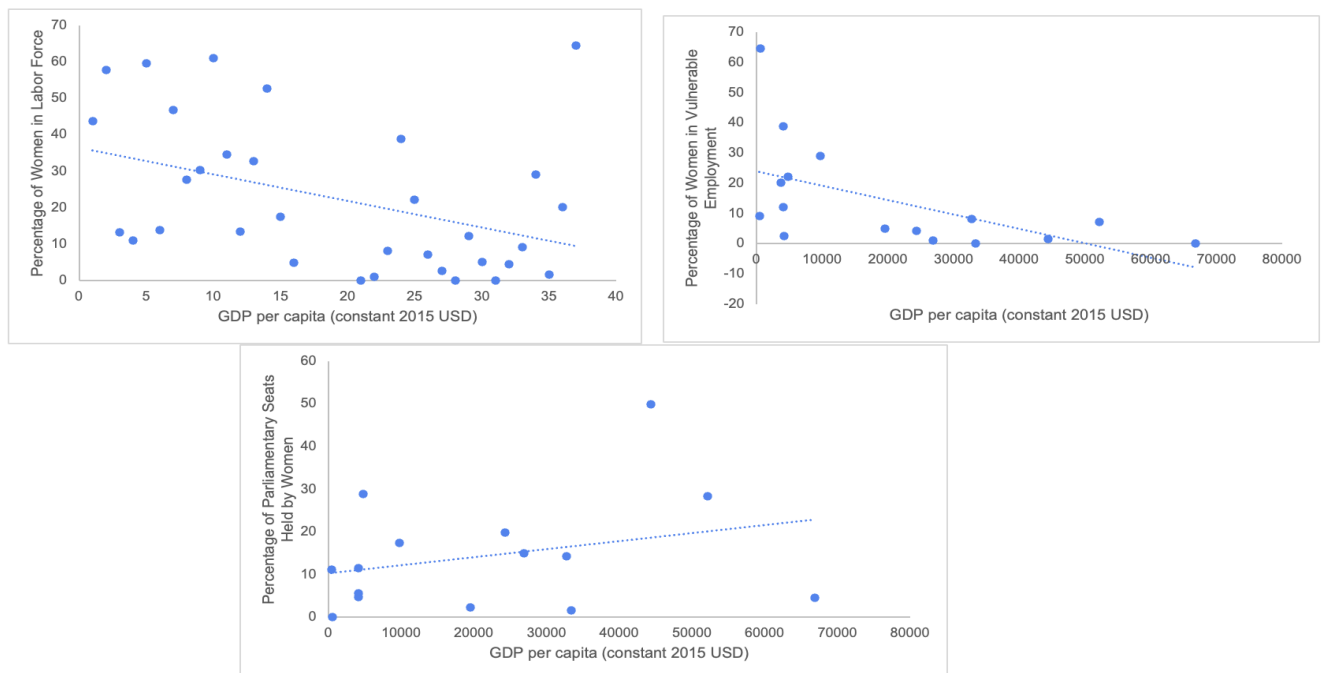


Figure 4: Association between Women Empowerment and Economic Well-Being: Middle East



6. Conclusion

In conclusion, this study underscores the association between economic well-being, as indicated by per capita GDP, and various dimensions of women empowerment across 48 Asian countries. Our findings reveal a positive association between per capita GDP and women's labor force participation, alongside a negative correlation with vulnerable employment. These insights highlight the critical role that economic development can play in enhancing women's engagement in the workforce. However, the lack of a general association between GDP and women's participation in parliament suggests that economic growth alone does not guarantee political empowerment. Notably, the positive link observed in the Middle East underscores the complex interplay between regional contexts and women's representation in governance.

These results provide a foundation for future research, suggesting that advanced multivariable regression models with country fixed effects could offer deeper insights into the causal dynamics at play. By exploring these relationships further, scholars can better inform policy interventions aimed at fostering both economic growth and genuine empowerment for women across diverse contexts.

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