

Study of Women's Leadership Roles and Its Effect on Middle-Countries Economy

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Abstrak

Penelitian ini bertujuan untuk mengkaji bagaimana peran penting perempuan dalam konteks kesetaraan gender dengan memimpin perusahaan dan berpartisipasi di parlemen mampu mendorong pertumbuhan ekonomi di negara-negara berkembang dari tahun 2020-2022 menggunakan analisis data panel. Temuan penelitian menunjukkan bahwa peran wanita sebagai manager dan anggota parlemen berdampak positif pada pertumbuhan ekonomi memiliki dampak positif signifikan, sangat penting untuk memberikan kesempatan yang sama bagi perempuan, menghilangkan bias dan diskriminasi, memberantas budaya patriarki, dan menciptakan lingkungan kerja yang mendukung keseimbangan antara pekerjaan dan kehidupan pribadi.

Kata Kunci: Kesetaraan Gender, Pertumbuhan Ekonomi, Peran Perempuan

Abstract

This research aims to examine how the significant roles of women in the context of gender equality by leading corporations and participate on parliaments able to promote economic growth in middle-income countries from 2020-2022 using panel path analysis. The findings indicate that women's leadership role has a significant positive impact economic growth, it is essential to provide equal opportunities for women, eliminate bias and discrimination, eradicate patriarchal culture, and create work environments that support work-life balance.

Keywords: Economic Growth, Gender Equality, Women's Role,

INTRODUCTION

The Sustainable Development Goals (SDGs) represent the United Nations' agenda for sustainable development, adopted by all member states in 2015, aimed primarily at eradicating poverty, enhancing well-being, and protecting the planet (Allen et al., 2018; Hák et al., 2016). Among the 17 goals, Goal 5 focuses on "Achieving Gender Equality," which serves as a central element in the global effort to end gender-based discrimination and inequality (Munasaroh, 2022). Through the pursuit of SDG 5, communities worldwide are committed to addressing various forms of gender inequality, including access to education, employment, and participation in decision-making processes. By advocating for women's rights and eliminating violence against them, SDG 5 fosters not only a fair and inclusive environment but also positively contributes to overall sustainable development, positioning gender equality as a fundamental foundation for achieving global development objectives. Gender equality is pivotal in creating an environment where individuals have equal opportunities, free from the constraints of gender stereotypes or traditional roles that limit their potential (Hubert & Stratigaki, 2011). Providing equal rights and opportunities for both women and men supports inclusive and sustainable economic growth (Mitra et al., 2015). Moreover, gender equality is critical in addressing low economic growth (Clavero & Galligan, 2021). Empowering women economically can enhance the well-being of families and communities. Equal education equips women to actively participate in social and economic life. This issue is particularly relevant in middle-income countries, where variations exist in women's participation in leadership and decision-making across sectors. Some countries have

seen improvements in women's roles in politics, governance, and business, while challenges persist in other regions (Davidson & Burke, 2016; Odera & Mulusa, 2020). However, inequalities remain in access to certain services. Promoting gender equality dynamics, the role of women in managerial leadership and parliamentary positions is of significant importance. Research has demonstrated that gender diversity in managerial leadership can yield economic benefits, including enhanced corporate performance and innovation (Eagly & Carli, 2007; Women, 2020). Findings also indicate that women's presence in parliament can lead to more inclusive and progressive policies on gender equality issues. Women in leadership positions have the potential to serve as role models for future generations, challenging gender stereotypes and advocating for equal opportunities. Therefore, it is essential to continue encouraging greater participation and representation of women in managerial and parliamentary leadership roles to achieve sustained progress towards improved gender equality (Arora, 2022).

The significant role of women in promoting gender equality can drive a country's economic growth. Research by Sinha et al., (2007) indicates that increasing women's participation can rapidly enhance economic development. Women who have equal access to educational, employment, and leadership opportunities can make substantial contributions to innovation and creativity in the business sector. Furthermore, by boosting women's participation in the labor market, countries can reduce economic disparities and enhance overall purchasing power. This is supported by Agénor & Canuto (2015) dan Girón & Kazemikhasragh (2022) who found that rising gender inequality in the economic sphere can negatively affect economic growth. Studies have also demonstrated a positive relationship between the gender development index and the gender empowerment index with economic growth. These studies generally still focus on macroeconomic aspects and the correlational relationship between women's participation and economic growth. However, there are limitations in understanding the institutional mechanisms and governance that allow for optimal women's involvement in the economic sector. In addition, there are still few studies that explicitly link gender mainstreaming through the application of good governance principles as a strategy in overcoming the feminization of poverty, especially in lower-middle income countries. In fact, the context of developing countries has different structural and cultural challenges in realizing gender equality in the economic realm.

The Role of Women in Gender Equality Dynamics

The involvement of women in the dynamics of gender equality is essential for fostering sustainable social and economic development. Although notable advancements have been made, challenges such as wage disparities, limited access to equitable education and employment, and restrictive social norms persist (Abidin et al., 2018). The gender gap, representing gender inequality, results from entrenched social, cultural, and institutional norms that have developed over time. As developing middle-income nations in Asia, Indonesia and India grapple with issues that intensify gender disparities (Jyoti, 2023; Nisak & Sugiharti, 2020), particularly regarding unequal access to job opportunities. Traditional expectations often confine women to roles as homemakers, which hinders their professional aspirations (Azizah et al., 2023). Additionally, ongoing challenges such as discriminatory practices, gender-based violence, and unequal distribution of household responsibilities continue to affect middle-income countries.

The Influence of Women's Leadership Corporate Roles on Economic Growth in Middle-income Countries

The Middle-income countries encounter distinctive challenges and opportunities in their pursuit of sustainable economic growth. Achieving growth in this context necessitates a variety of strategies aimed at economic diversification, innovation, and the development of more productive

sectors. Enhancing workforce skills, investing in infrastructure, and implementing supportive policies for the private sector are critical to fostering robust economic performance. However, these countries often face the risk of stagnation, commonly known as the "middle-income trap," where economic growth slows and disparities become increasingly difficult to overcome. Thus, it is essential for middle-income nations to identify middle-income sectors and adopt policies that enhance their global competitiveness. The limited involvement of women can substantially hinder economic (Agénor & Canuto, 2015; Elson, 2009; Fathia, 2021; Girón & Kazemikhasragh, 2022; Sinha et al., 2007). When women are granted equal access to education, employment opportunities, and economic participation, they can become vital contributors to the labor force and national productivity. Women's engagement in both formal and informal economic sectors helps close labor gaps, stimulates innovation, and creates a more dynamic job market. Additionally, women who participate in economic activities are more likely to invest their earnings in education and healthcare for their families, thereby promoting sustainable human development. Consequently, empowering women in the economic sector is crucial for achieving inclusive and sustainable economic growth in middle-income countries.

In light of this background, this research will focus on examining the role of women in the dynamics of gender equality concerning to promote economic growth in middle-income countries, covering a research period from 2020 to 2022. This period is selected due to its critical significance, as it encompasses the global COVID-19 pandemic and the early stages of post-pandemic recovery, during which economic vulnerability and gender disparities were notably amplified. Analyzing this timeframe allows for a deeper understanding of how systemic shocks impacted women's economic participation and how gender-responsive policies influenced economic resilience and recovery mostly in middle-countries.

METHOD

This research employs a quantitative research approach that utilizes secondary data, particularly focusing on scoring indices from the World Development Indicators and UN Women Data. These indices are generated by reputable global organizations, such as the World Bank and the United Nations Development Programme (UNDP). The methodology features panel path analysis, which integrates panel regression analysis to explore the interrelationships among the variables in the model, while path analysis is employed to examine the causal links between these variables. The research population consists of all countries categorized as middle-income, provided that there is adequate data available for a three-year span from 2020 to 2022 concerning the relevant indices with 108 sample of observations.

The research applies two structural equation models. In Structural Equation Model 1, economic growth (G) is treated as the dependent variable (Y), with the independent variables including the number of women in managerial positions (X1) and the number of women in parliamentary roles (X2). The econometric specification for Structural Equation Model 1 is outlined as follows:

$$G_{it} = \beta_1 X_{1it} + \beta_2 X_{2it} + \epsilon_{it}$$

Information

- G : Economic Growth
- X1 : Women as managerial leaders
- X2 : Women as parliament representative
- ϵ : error

The research will progress by gathering relevant data and analysing the outcomes from the data processing. The data processing, serving as a statistical testing tool for this research, will utilize

Eviews12 software. Various model tests will be conducted on the entire dataset to determine the most suitable model among fixed, common, or random effects. Once the optimal model is identified, regression analysis and classical assumption tests will be performed to evaluate the quality of the data.

RESULT AND DISCUSSION

In this research, model estimation tests are conducted prior to the panel data regression analysis to determine the most suitable model among common effect, fixed effect, or random effect. Three tests are employed to identify the best model using EViews12 software: 1) Chow Test, and 2) Hausman Test. The results of these three tests are presented below.

Table 1. Chow Tests for Women's Roles on Economic Growth in Middle-Income Countries

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.102	(35,7)	0.0000
Cross-section Chi-square	136.875	35	0.0000

Source: Chow Test Eviews12 (2024)

The results of the Chow test in the tables above indicate a probability value of 0.000, which is less than 0.05 (α). This suggests that the best model between the common effect and fixed effect models is the Fixed Effect Model (FEM). The next test conducted is the Hausman test.

Table 2. Hausman Tests for Women's Roles on Economic Growth in Middle-Income Countries

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	146.700	2	0.0000

Source: Hausman Test Eviews12 (2024)

The results of the Hausman test in the tables above indicate a probability value of 0.000, which is less than 0.05 (α). This suggests that the best model between the fixed effect and random effect models is the Fixed Effect Model (FEM).

The classical assumption tests utilized in linear regression with an Ordinary Least Squares (OLS) approach include tests for linearity, normality, multicollinearity, heteroscedasticity, and autocorrelation. However, it is important to note that not all classical assumption tests need to be conducted for every OLS linear regression model (Gujarati et al., 2003). The linearity test is rarely performed on every linear regression model, as it is already assumed that the model is linear. If it is conducted, it is primarily to assess the degree of linearity.

Table 3. Classical Assumption Test – Multicollinearity for Women's Roles on Economic Growth in Middle-Income Countries

	Y_GDP	X1	X2
G	1.000000	0.321299	0.340558
X1	0.321299	1.000000	0.475917
X2	0.340558	0.475917	1.000000

Source: Multicollinearity Test Eviews12 (2024)

The correlation values between the independent variables and economic growth indicate a value smaller than 0.80, suggesting that the data meets the classical assumption of multicollinearity. The correlation coefficient between X1 and X2 is 0.321299, which is less than 0.340558, leading to the conclusion that multicollinearity is not present.

Table 4. Classical Assumption Test – Heteroscedasticity for Women's Roles Economic Growth in Middle-Income Countries

Dependent Variable: RESABS

Method: Panel Least Squares

Date: 09/12/24 Time: 22:28

Sample: 2020 2022

Periods included: 3

Cross-sections included: 36

Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
G	0.553342	0.674107	0.820852	0.4145
X1	0.039679	0.027212	1.458167	0.1493
X2	0.044030	0.026255	1.677016	0.0980

Source: Heteroscedasticity Test Eviews12 (2024)

Based on the results, presented in Table 4, there is insufficient evidence to conclude that variables Y, X1, or X2 have a significant impact on heteroscedasticity in this model at the 5% significance level. Using RESABS as the dependent variable, the findings indicate that the data complies with the classical assumption of the heteroscedasticity test.

Table 5. Regression Analysis Result on Women's Roles Economic Growth in Middle-Income Countries

Dependent Variable: Y_G

Method: Panel Least Squares

Date: 09/12/24 Time: 22:24

Sample: 2020 2022

Periods included: 3

Cross-sections included: 36

Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
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G	2.911988	1.984285	1.467525	0.0000
X1	0.336626	0.080100	4.202568	0.0001
X2	0.534568	0.077283	6.916984	0.0000

Source: Regression Analysis Eviews12 (2024)

The following are the results of the fixed effect panel data model estimation, where the functional equation related to the role of women (the opportunity for women to work as top managers and work in parliament) on the economic growth of countries around the world is as follows:

$$Git = 29.1198 + 0.3366X1it + 0.5345 X2it + \varepsilon it$$

In this research, Y is proxied by economic growth, X1 is proxied by the number of women becoming managerial leaders, and X2 is proxied by women who become members of parliament. Variable X1 at a 95% confidence level has a positive effect on economic growth (G) in countries around the world. Furthermore, variable X2 at a 95% confidence level has a positive effect on economic growth (G) in countries around the world.

The relationship between economic growth (G) and the number of women occupying managerial positions (X1) and economic growth (G) and women's representation in parliament (X2) according to the results of data processing shows a positive correlation relationship where the more women occupy managerial positions and are represented in parliament, the more it will increase economic growth. This is created because of the opportunities, justice, and more perspectives on the role of women which are considered to have a positive impact. This positive impact arises because of the belief in women's ability to lead to be a very good investment for economic growth. The belief that women's leadership can drive economic growth is supported by various studies (Han & Noland, 2020) that Collaborative and innovative women's leadership styles enhance business competitiveness by promoting sustainability, adaptability, and employee well-being—fostering long-term growth, resilience, and productivity.

The economic crisis and ongoing conflict have had a significant negative impact on women's empowerment efforts in Yemen. The UNDP (UNDP, 2021) reports that Yemen ranks at the bottom of the Gender Inequality Index, ranking 162nd out of 162 countries surveyed. This reflects the huge gap in access to education, health and economic opportunities between men and women. Yemen has been experiencing a prolonged economic and humanitarian crisis due to the internal conflict that began in 2014. Yemen's economic growth has been severely hampered, with real GDP contracting for years. According to World Bank (2024) the Yemeni economy grew by only 1% in 2021. Projections for 2022 show a still weak growth of 2.1%. This poor economic situation has had a significant impact on women's empowerment in the country. In the context of Women in Managerial Positions, specific data for Yemen is very limited due to the ongoing conflict. However, a report from ILO's Report (ILO, 2020) shows that women labor force participation in Yemen is one of the lowest in the world, at only about 6% in 2020. This figure is much lower than the regional average for Arab countries of 20%. With such low labor force participation, it can be assumed that women representation in managerial positions is also very low. Factors contributing to this situation include highly conservative social norms, ongoing conflict, and lack of access to education and training for women. Turning to women representation in parliament, the situation is equally alarming. According to data from IPU Praline (IPU Parline, 2022) as of September 2022, only 1 out of 301 members of the Yemeni Assembly of Representatives is a woman, or about 0.3%. This figure places Yemen at the bottom of the global ranking for women representation in parliament. This situation reflects the enormous structural and cultural barriers to women's political participation in Yemen. The IMF

(IMF, 2024) states that economic growth is slowing down due to gender inequality issues. These countries are experiencing slow economic growth, one of the underlying factors is gender discrimination against women. Pakistan faces significant challenges in terms of gender inequality, which has a direct impact on its economic growth. Although the country has abundant resources and great potential for development, restrictions on women's participation in the workforce hinder economic progress. According to data from the Pakistan Bureau of Statistics (Pakistan Bureau of Statistics, 2024), women's participation in the workforce is only around 22%. This shows a significant gap compared to men, which is almost 70%. Many women in Pakistan still face barriers to accessing education. Although enrollment rates for primary schools have increased, enrollment rates at secondary and tertiary levels have declined, especially in rural areas. Low levels of education indicate that women's leadership in managerial and parliamentary positions in Pakistan is also low. Let alone becoming leaders, even opportunities for entrepreneurship are narrow for women in Pakistan. Inequality in access to capital, training, and business networks limits women's entrepreneurship, which can contribute more to the economy. Conservative social norms often discourage women from seeking employment outside the home. Many women are still tied to traditional roles as homemakers, which reduces their ability to contribute economically. This has hampered economic growth in Pakistan by not maximizing its neglected economic potential. This is in contrast to the situation in Sweden, Sweden is ranked 5th with a high level of gender equality (Gobal Gender Gap Report) and a large GDP, which is around US\$ 590.41 billion in 2022. This shows success in empowering women in the economic, political, and social sectors due to progressive policies such as equal parental leave and access to affordable childcare services that encourage women's participation in the workforce, thereby strengthening the country's competitiveness and sustainable economic growth (World Bank, 2023).

CONCLUSION

In the context of middle-income countries, gender equality issues have unique dynamics. These countries often experience rapid economic growth, but are accompanied by rising inequality, including gender inequality. Many middle-income countries face the challenge of a “middle income trap,” where economic progress does not always translate into equal social progress. In this regard, increasing women's participation in leadership can be a catalyst for addressing inequality and driving more inclusive growth. This research shows that Economic growth is significantly positively affected by the presence of women in managerial and parliamentary positions. Women in leadership positions bring diverse and innovative perspectives, which can improve firm performance and drive economic growth. When women are represented in decision-making, the resulting policies are more inclusive and responsive to societal needs. This ensures that economic initiatives do not only benefit a select few, but also create broader opportunities for all members of society. Therefore, increasing women's participation in leadership is not only vital for economic growth. Inequality in access to leadership roles hampers the development of policies that are responsive to the needs of society, particularly vulnerable groups. So that when women lack adequate representation in decision-making processes, issues affecting their well-being are often overlooked. To alleviate the issue of gender equality, fair and equal opportunities are needed for women, such as reducing gender bias and discrimination. This can be achieved by increasing access to education for women, eliminating patriarchal culture, and creating a work environment that supports work-life balance. In middle-income countries, these efforts often require more comprehensive policy reforms, including improving social protection systems and more gender-responsive labor laws.

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