

## **Gender Equality and Income Convergence: Theory and Evidence**

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### **Abstract:**

This paper studies the role of gender equality, measured in terms of female share in employment on income convergence. The theoretical part of the paper develops a novel approach to measuring the role of gender equality on income convergence, and shows that it has a positive effect on income convergence. The empirical part of the paper presents System GMM estimates of the female share in employment on income convergence for 34 OECD countries in the period 1958-2017, using 5-year span panel data. We find that the female share in employment has a positive and statistically significant contribution on income convergence in the sample period. In addition, the positive contribution of the female share in employment increases significantly when trade openness, income inequality, or the FDI inward stock is added to the model as control variables. These findings suggest that policies that increase the female share in employment will contribute positively to income convergence.

**Keywords:** Gender equality, Female share in employment, Convergence, Panel data analysis, GMM estimators

**JEL Codes:** E31, F62