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Inequality and female labour force participation in West Africa

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Abstract. This study examined the impact of income inequality on female labour force participation in West Africa for the period 2004 to 2016. The study employed the Gini coefficient, the Atkinson index and the Palma ratio as measures of income inequality. For robustness, the study also utilises female employment and female unemployment as measures of female labour force participation. The study employed the instrumental variable fixed effects model with Driscoll and Kraay standard errors to account for simultaneity/reverse causality, serial correlation, groupwise heteroskedasticity and cross-sectional dependence. The empirical results reveal that the three measures of income inequality significantly reduce the participation of women in the labour force in West Africa. The study also revealed that domestic credit, remittances and female education are positively associated with female labour force participation in the sub-region. Further findings reveal that economic development reduces the participation of women in the labour force in West Africa with the U-shaped feminisation theory not valid for the West African region. The study, however, revealed an inverted U-shaped relationship between inequality and female unemployment. Policy recommendations based on these findings are discussed.

Keywords. female labour; fixed effects; inequality; instrumental variables; West Africa

JEL Codes. C23; D31; J21

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1. Introduction

Achieving food security, poverty alleviation, gender equality, full employment and economic development for all in Africa, and particularly West Africa, will be a mirage if the challenge of poor female labour participation is not addressed. To achieve the Sustainable Development Goals (SDGs) by 2030, closing the gender gap in the labour force is quite indispensable (United Nations, 2018), and explains why researchers are now paying greater attention to female labour force participation. Women in West Africa, like their counterparts elsewhere, are very resourceful economic agents whose full participation in the economy's labour force can contribute greatly to economic growth. In many developed economies, women make up almost half of the labour force (World Development Indicators (WDI), 2020), which could partly be the reason for the fast developmental pace of these economies, and implies that women make many significant contributions to economic development when harnessed.

According to the International Monetary Fund (IMF, 2018), increasing women's engagement in the economy's labour force leads to significant increases in productivity and impact positively on economic growth. Akinyemi, Solanke and Odimegwu (2018) also observe that female