

Gendered Impacts of Oil Price Shocks: Analyzing Women's Labor Force Participation in Petrostates

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Abstract

Oil wealth has been shown to negatively affect women's participation in the labor force. This raises the question of whether declining revenue from fossil fuels due to the global energy transition will lead to higher female labor force participation (FLFP) and thus greater gender equality in petrostates. Such hypothetical/future-oriented questions are difficult to answer. This study gets around the challenge by conducting a mixed-method analysis to assess the relationship between oil price shocks and FLFP, emphasizing economic development and policy implications. Our findings indicate there is a causal link between oil price shocks and FLFP in petrostates, while decreases in the price of oil lead to increases in FLFP. This relationship appears to be driven by government transfers, migrant workers, and employment opportunities in the petroleum industry. Qualitative evidence from Saudi Arabia demonstrates how policy reforms following the 2014 oil price bust, can increase FLFP. The results suggest that petrostates are likely to encourage greater women's labor force participation to maintain their prosperity amid diminishing oil revenues due to the energy transition.

Keywords: Gender Inequality; Energy Transition; Female Labor Force Participation; Oil Price; Petrostates

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