

# Society, Cost of Migrants, and Digital Economy impact on Unemployment of Omani Youth's: An Empirical investigation of The Gender Moderate Role

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## Research Article

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# Abstract

This study aims to shed light on the situation of unemployment in the Sultanate of Oman in the context of the global and national economic shift toward digital technology. In this study, the topic of youth unemployment was examined from a variety of angles, such as social perception, the cost of migrants, and the effect of the digital economy on employment opportunities. The mild impact of gender on the variables under investigation is also examined in this research. The study has applied the quantitative approach. The data was collected from Omani youths through the adopted questionnaire. A total of 312 responses were received for further analysis SPSS and Partial Least Squares (PLS) were used to analyse the data. This study demonstrated how social perception has a significant impact on Omani youth. Youth unemployment is also strongly impacted by the cost of migrant labor. As well as, the digital economy is significantly influencing youth employment opportunities. On the other hand, the association between social perception and unemployment among Omani youth is considerably influenced by the mild effect of gender. This study contributes significantly to the current knowledge of the factors influencing unemployment in the Sultanate of Oman. The research models may also be used to establish new initiatives, develop programs, and establish policies on the labour market to reduce the unemployment rate among the youth of the Sultanate of Oman.

## Introduction

The evolution of socio-economic conditions in countries over the world fundamentally emanated from the valuable utilisation of the nation's natural and human capital. In the Gulf Cooperation Council (GCC) countries, significant reliance on oil and gas resources, considering the economic empowerment the country gained, resulted in an imperative need for substantial human capital to generate and operate oil and gas products (Belwal et al., 2020; Murray & Zhang-Zhang, 2018; Refai et al., 2022; Shayah & Sun, 2019). Magnitude expansion was witnessed in all industries resulting in more expatriates running and managing the private sector to fill the gap in the labour force. In recent decades, policymakers and practitioners applying significant changes in the marketplace have attracted attention. With the increasing number of graduates and national youths, the unemployment rate increased notably (Al Shukaili et al., 2022; Belwal et al., 2020; Mascarenhas, 2021).

As such, nationalisation policies and employment opportunities align with supporting the systematic improvement of socio-economic circumstances. This leads employment opportunities to be directed toward nationalisation strategies (Durand-Lasserve, 2022; Griffin et al., 2021). Oman is a developing country with a middle-income economy that heavily relies on non-renewable oil revenue. Hence, Oman's 2040 future vision embarked policies and procedures aim primarily to maintain sustainable development plans that emphasise diversification of economic resources by reducing the heavy reliance on oil through upgrading production, improving tourism activities, producing natural gas, and creating employment opportunities for the annually growing number of graduates. Accordingly, the main emphasis of expatriates replacing with Omanis with the required qualifications (Al Shukaili et al., 2022; Awdeh & Hamadi, 2019; Belwal et al., 2020; Murray & Zhang-Zhang, 2018).

From another perspective, society mainly drives and influence youth's decisions and attitude towards employment decision, where wages structure and matching qualification, knowledge, and skills required by the current digital market play a significant role in the formulation of Omani youth's attitudes towards employment decision (Twumasi et al., 2018; Griffin et al., 2021; Kumar et al., 2019; Sevilla & Farías, 2020). Accordingly, the creation of employment opportunities by both government and private sector constitutes a challenging issue concerning graduate youth job seekers (Lasserve, 2022; Abbasabadi & Soleimani, 2021; Pegram et al., 2018; Stanković et al., 2021a; Zhukovska et al., 2021). Hence, a prominent literature gap is addressed considering the few studies that identify or demonstrate the critical factors influencing the creation of employment opportunities. Limited empirical findings manifest the societal perception of Omanis regarding youth unemployment. Therefore, this research objective is to investigate the influence of social perception, the cost of migrants, and the impact of digital economy on employment opportunities. In addition, this paper examines the moderate effect of gender on the relationship between social perception, the cost of migrants, and the digital economy. The outcomes from this research will provide substantial implications and suggestions emanating from the findings to help policymakers, private and governmental institutions plan strategies that match the current situation in Oman. Along with the empirical evidence provided, this paper will contribute consistent and comprehensive guidelines that spotlight the ultimate goals of Oman's 2040 Vision.

## **Constructs and Hypothesis Development**

### **2.1 Social perception**

Society is a significant aspect that interacts with dynamic political, economic, and environmental change (Akram et al., 2020). Due to the interaction of employment with psychological, economic, and social variables, it's become one of the most challenging obstacles that youngsters confront today. According to research, a person's goals, aims, and professional aspirations combine with social factors including culture, status, support, social status and social barriers to impact their career paths or, in most cases, result in unemployment (Twumasi et al., 2018)

A further factor contributing to the unemployment crisis is parental pressure on youth to choose conventional and well-known careers in order to preserve economic and financial security. (Humayon et al., 2018; Famolu, 2020). According to studies, people who live in countries with collective cultures prioritize the needs of their families and communities and give social acceptance and culture a higher priority than personal ambitions. On the other hand, those who uphold their cultures, develop their interests, and work toward their professional objectives regardless of the societal norms (Abbas et al., 2021; Akinlolu & Haupt, 2021; Nipu, 2020; Stella, 2022) .

### **2.2 Cost of Migrant labour**

Migration is seen as one of the most pervasive worldwide phenomena of the present day because of the openness of the globe and the development of international relations between countries. Additionally, it is defined as people moving from one location to another for a variety of causes. Political and economic

circumstances are just two of the many elements that are impacted by the phenomena of migration. So, the main reason individuals migrate is to satisfy their basic requirements, such finding secure housing, excellent health, and a job (Castelli, 2018; de Haas et al., 2019; Gündoğmuş & Bayir, 2021; Hossin, 2020). Hence, Arab and Gulf countries draw the most significant number of migrant workers. The number of migrant labours working in low-skilled sectors like construction has increased significantly in recent years (Mohamed, 2021). However, despite the localization programs being implemented by the Gulf countries as a national initiative to address the unemployment crisis, they were associated with a variety of difficulties, most notably the high cost of domestic labor and low levels of productivity, which force institutions to replace domestic labor with expatriates who accept work with lower wages and allowances. Some locals, however, lack the competencies essential to compete with foreigners. (Kumar et al., 2019; Pegram et al., 2018; Mh. Shayah & Sun, 2019).

## **2.3 Adoption of Digital Economy**

A human capital with modern skills is needed to keep up with the breakthroughs of the modern era given the digital and technological revolutions of economy. In addition, a skilled workforce with a high level of professional education and the ability to keep up with technological innovations are two characteristics that contribute to the development of a nation's economy and assure its competitiveness (Abdurakhmanova et al., 2020; Didier, 2022). However, educational qualifications are one of the critical foundations for developing civilisations that play a significant role in sustainable development. Because it impacts the labour market, most developed and developing countries have recently prioritised education (Tel et al., 2019). Therefore, the mismatch between the demands of the labor market and educational requirements is reflected in the market's absorption of an increasing number of "overeducated" and "undereducated" graduates, which is thought to be a contributing factor to unemployment in some cases, especially with the modern era, when the economy is dependent on digital creative skills, where the academic qualifications of youths do not correspond to the jobs offered on the labor market (Battu & Bender, 2020; Maida & Tealdi, 2021; Pompei & Selezneva, 2021).

## **2.4 Unemployment of youth**

Unemployment is referred to the number of people who are not employed in an official paid job despite their desire to work due to the current economic conditions and the labour market status (Aldrich et al., 2020; Sever & İğdeli, 2018). Globally, unemployment levels rose substantially after the economic crisis of 2007 (Renahy et al., 2018). Similarly, the Middle East and Arab countries are experiencing exorbitant rates of youth unemployment, which have had a detrimental impact on their economies and productivity (Dadush, 2019; Fakhri et al., 2020). Research indicates that one of the major factors contributing to unemployment is the preference of firms for recruiting expatriates over domestic labor. Other contributing causes to the high unemployment rate include population increase, mismatched university majors, and curricula that do not meet the current labor market demands (Nnatu, 2019; Khogeer & Shaheen, 2021). However, Nationalizing professions is one of the crucial government's initiatives to reduce youth unemployment rates, and recently, governments have paid close attention to this strategy, particularly the Gulf countries in general and the Sultanate of Oman in particular (Elgeddawy, 2018). Hence, the Sultanate

of Oman's government has embraced the Omanization policy as a necessary means of combating unemployment by Omanizing several professions and replacing foreign workers with locals (Mascarenhas, 2021).

## The Conceptual Framework

According to previous research, the social aspect reflected in the attitudes of family and friends affects the unemployment rates. In addition to being less costly than national labour, immigrant labour directly impacts youth unemployment. In addition, the unemployed are less likely to find a good job due to the mismatch between the qualification of youth and the current job requirements in the market in light of the adoption of the digital economy. The unemployed are less likely to obtain suitable job opportunities due to the mismatch of skills and qualifications with the requirements of the current market, especially after adopting the concept of the digital economy.. The literature mentioned above forms the basis of the following conceptual framework:

### Figure (1)

Conceptual framework

## Hypotheses

### H1

There is a significant relationship between social perception and unemployment of Omani youth.

### H2

There is a significant relationship between the cost of migrants and the unemployment of Omani youth.

### H3

There is a significant relationship between the adoption of digital economy and unemployment of Omani youth.

### H4

There is a significant relationship between social perception and unemployment of Omani youth when gender moderates the relationship.

### H5

There is a significant relationship between the cost of migrants and the unemployment of Omani youth when gender moderates the relationship.

There is a significant relationship between the adoption of digital economy and the unemployment of Omani youth when gender moderates the relationship.

## Methodology

To complete the research objectives and align the predicted results and outcomes, the researchers in this study used a quantitative technique. A survey that was distributed to youths in the Sultanate of Oman via social media sites including WhatsApp, Twitter, and Instagram provided the data set used in this study. To gather the information, closed-ended structured questionnaires were employed. Additionally, a five-point Likert scale was used to build the questionnaire where one represents strongly disagree, two disagree, three neutral, four agree, and five represents strongly agree. The questionnaire structure is based on two parts; the first part included the demographic characteristics of the target respondents, while the second part included a total of 23 statements to measure the respondents' agreement with the mentioned statements about the study variables (social perception, cost of migrants, adoption of digital economy). However, the statements were written in both languages (English and Arabic) to guarantee that the target sample understood them clearly given that Arabic is their native tongue. Three academic experts and five members of the intended sample participated in a pilot study to assess the questionnaire's validity. The proposed changes were then put into practice to eliminate any uncertainty or discrepancy and concurrently improve the appropriateness and clarity of the statements that had been approved. The random sampling approach was used with a convenience sampling technique for data collection. A total of 312 Omanis of both genders, males and females, formed the sample. Furthermore, SPSS software was employed to filter the collected data and to conduct the required demographic analysis. In addition, to examine the validity and reliability, the significance of the structural model, and test the hypotheses, the researchers utilised Partial Least Squares (SEM-PLS).

## Findings and Results

### *6.1 Demographic Characteristics*

Male and female youth from the Sultanate of Oman made up the sample for the poll, with female replies accounting for 65% of the total. The respondents' ages ranged from 19 to 40, with the age group of 20 to 25 accounting for the largest share. Additionally, the bulk of survey participants had bachelor's degrees. The majority of replies are from A' Sharqiyah University,

**Table 1.** Demographic Characteristics

<b>Demographics</b>		<b>No.</b>	<b>%</b>
Gender	Male	131	35.0
	Female	243	65.0
Age	19 years and below	10	2.7
	20-25	219	58.6
	26-29	42	11.2
	30-34	50	13.4
	35-39	26	7.0
	40 and above	27	7.2
Marital status	Single	241	64.4
	Married	133	35.6
Academic qualifications	High School	21	5.6
	Diploma	106	28.3
	Bachelor	224	59.9
	Postgraduates	23	6.1
University / College	A'Sharqiyah University	249	66.6
	Sultan Qaboos University	6	1.6
	Sur University College	11	2.9
	The University of Technology and Applied Sciences	26	7
	Other	82	21.5
	Future targeting Job	Government employee	207
	Private sector employee	87	23.3
	Free Business	59	15.8
	Other	21	5.6

## 6.2 Reliability and Validity of measurement model

Table (2) shows the assessment of the validity and reliability of the proposed conceptual model. The reliability and validity test results indicate that the factor loading of all items shows a satisfactory level of internal reliability, ranging between 0.603 to 0.765. However, the metrics of construct reliability and validity show reasonable composite reliability, satisfactory internal consistency, and a high level of convergent validity based on the recommended standards ( $\alpha > 0.7$ ,  $\rho_A > 0.7$ ,  $CR > 0.7$ ,  $AVE > 0.5$ ) suggested by (Hair et al., 2014; Henseler et al., 2014).

**Table 2.** Reliability and Validity

Variable	Standardised loadings	$\alpha$	rho_A	CR	AVE
Social Perception	0.636	0.641	0.637	0.77	0.401
	0.637				
	0.661				
	0.604				
	0.626				
Cost of Migrants	0.700	0.647	0.653	0.791	0.488
	0.765				
	0.711				
	0.610				
Adoption of digital economy	0.660	0.703	0.702	0.808	0.457
	0.708				
	0.643				
	0.698				
	0.666				
Unemployment of Youths	0.697	0.771	0.774	0.839	0.466
	0.736				
	0.634				
	0.711				
	0.653				
	0.661				

### 6.3 Structural Equation Model Assessment

The model's discriminant validity was evaluated using the Fornell-Larcker criteria and the Heterotrait-Monotrait ratio test with the PLS Algorithm. Hence, according to the results of the Fornell-Larcker test, the correlation between the square root of the average variance derived from the construct and itself within the same column is more significant than the correlations between the construct and other variables, with these values demonstrating satisfactory discriminant validity, as shown in Table (3). This demonstrates a relevant difference in the measures that were adopted. Additionally, the results obtained, as shown in Table (4), reveal acceptable discriminant validity, as evidenced by the correlation below the 0.85 level advised by Henseler et al. (2014). As a result, the research analysis developed significant and trustworthy relationships that opened the door for more research. Figure (2) represents the structural model analysis, which highlights the significant explanatory power and reliability of the model construction as evidenced by the R square findings for unemployment of youth (R =519).

**Table 3.** Discriminant Validity: Fornell-Larcker Criterion

Note: CM: Cost of Migrant, ADE: Adoption of digital economy, SP: Social perception, UOY: Unemployment of Youths

	CM	MQR	SP	UOY
CM	<b>0.699</b>			
ADE	0.380	<b>0.676</b>		
SP	0.528	0.426	<b>0.633</b>	
UOY	0.475	0.651	0.471	<b>0.683</b>



**Table 4.** Discriminant Validity: Heterotrait-Monotrait Ratio (HTMT)

**Note:** CM: Cost of Migrant, ADE: Adoption of digital economy, SP: Social perception, UOY: Unemployment of Youths

	CM	MQR	SP	UOY
CM				
ADE	0.560			
SP	0.789	0.612		
UOY	0.669	0.872	0.624	

## 6.4 Measurement Correlation

### VIF Test

The VIF test was performed to measure the extent to which variance is inflated. Table (6) displays the findings of the variance inflation factor VIF. The results show a moderate correlation between the independent variables, ranging from 1.117 to 1.644.

**Table (5). VIF**

	VIF	VIF
SP01	1.349	2.349
SP02	1.397	2.397
SP03	1.117	2.117
SP04	1.252	2.252
SP05	1.316	2.316
CM01	1.293	2.293
CM02	1.366	2.366
CM03	1.241	2.241
CM04	1.144	2.144
ADE01	1.299	2.299
ADE02	1.351	2.351
ADE03	1.235	2.235
ADE04	1.396	2.396
ADE05	1.241	2.241
UOY01	1.51	2.51
UOY02	1.644	2.644
UOY03	1.275	2.275
UOY04	1.494	2.494
UOY05	1.361	2.361
UOY06	1.419	2.419

### Hypothesis Testing

#### Direct Effect

Bootstrapping of 5000 sub-samples was performed to investigate the suggested interactions between the constructs. The analysis reveals an obvious and significant link between social perception and unemployment of youth as well as a positive relationship between the cost of migrants and unemployment of youth with (t-value = 2.986, p= 0.003) (t-value = 0.047, p= 0.000), respectively. Thereby H1 and H2 are significantly supported. Furthermore, the analysis reveals a very favourable direct relationship between the adoption of digital economy and youth unemployment where (t-value =11.599, p= 0.000); hence H3 is highly supported. However, considering gender as a moderator, significant correlations between social perception and unemployment of youth when gender have moderate effect with (t-value= 2.212, p= 0.027), providing strong support of H4. While insignificant moderate effect of gender between the relationship of cost of migrant, adoption of digital economy with unemployment of Omani Youth's (t-value= 1.156, p= 0.248) (t-value= 0.938, p= 0.348) respectively. Therefore, H5 and H6 are not supported. Figure 3 depicts the revealed results of bootstrapping test.

**Table (6). Direct Effect Testing**

Hypotheses	Path	Original Sample (O)	Original Sample (O)	Standard Deviation	T Values	P Values	Decision
H1	SP -> UOY	0.142	1.142	0.048	2.986	0.003	Supported
H2	CM -> UOY	0.201	1.201	0.047	4.313	0.000	Supported
H3	ADE -> UOY	0.513	1.513	0.044	11.599	0.000	Supported
H4	SP->G-> UOY	-0.104	0.896	0.047	2.212	0.027	Supported
H5	CM->G-> UOY	-0.051	0.949	0.044	1.156	0.248	Not Supported
H6	ADE->G-> UOY	0.060	1.060	0.064	0.938	0.348	Not Supported

## Discussion

The Omani government objectives for development and the country's quick economic expansion cause a considerable increase in the foreign labor force. The characteristics that the government sector enjoy, such as generous wages, stable working conditions, flexible working hours, and better remuneration and retirement benefits desired by the local workforce, are evidence that Omanization policies achieved significant success in the government sector more than the private sector. In light of this, we investigate the effects of social perception, cost of migrants, and the mismatch between current digital market and economy demand with the youth capabilities on the unemployment of Omani youth. Additionally, the mild impact of gender on social perception, the cost of migrant, and the discrepancy between qualification levels for youth and digital economy demand were examined in relation to youth

unemployment in Oman. Using SEM-PLS, the results imply positive and significant links between Omanis' social perception and youth unemployment. This is confirmed by (Griffin et al., 2021), who conclude that the negative social attitude towards some employment opportunities impacts the youth's unemployment rate. Furthermore, the attained findings demonstrate a significant relationship between the cost of migrants and the unemployment of Omani youths. Also, a positive effect is indicated in the association between youth's qualification mismatch with the market demand under the adoption of digital economy. However, males and females significantly differ in their social perception of employment opportunities. While gender insignificantly moderates the relationship between the cost of migrants, qualification mismatch with the market requirements and unemployment of Omani youths.

## **Theoretical Implications**

The earlier research on the same topic of study has been supplemented differently by this study. The primary focus of this study is on some of the most important elements that affect unemployment in the Sultanate of Oman, a topic that has not received much attention in Omani studies. Most importantly, this study may be relied upon as a reference for future investigations into other elements, giving the government and policymakers a strong foundation on which to approach the unemployment crisis from a scientific perspective and implement fundamental changes to resolve unemployment crisis in the country.

## **Practical Implications**

The findings of this study have several managerial implications that should be considered by a variety of entities and interested parties, including governmental bodies, policymakers, entrepreneurs, managers, and others. This study helps to clarify the various issues that need to be prioritized and addressed in order to reduce the rate of unemployment in the Sultanate of Oman, including how to strengthen the government's role in educating and raising society's awareness about the various employment opportunities in fields they are not yet familiar with.

## **Conclusion and Recommendations**

This study examined the association between social perception, the cost of migrants, adoption of digital economy, and unemployment of Omani youth. Also, we investigate the role of gender in moderating the relationship between social perception, the cost of migrants, adoption of digital economy and current market job requirements, and the unemployment of Omani youth. The results show that the investigated factors significantly predict youth unemployment in Oman. The social perception of male and female has a substantial impact on Oman's youth unemployment rate. Several suggestions are made for the public and private sectors based on the findings. To give young people a working environment that guarantees job prospects, the government must promote greater infrastructure, particularly in rural regions. Higher education institutions should provide majors that are compatible with the anticipated availability of future jobs for fresh graduates.

# Limitations and Future Research Suggestions

Although the study's objectives were met, there are some research limitations. First, this study concentrated on certain factors (Social perception, cost of migrant, adoption of digital economy) as independent variables determining youth unemployment. Accordingly, future research should examine additional novel factors related to youth unemployment that this study has not addressed. However, despite the vast number of unemployed in the Sultanate of Oman, the survey's responders are thought to be few. Future studies can gather larger samples to increase the generalizability of the findings. Further, due to the lack of literature, empirical evidence, and scientific findings, the limited number of Omani studies that addressed the topic of the determinants of unemployment in the Sultanate of Oman is thought to make it difficult to do additional research on this topic. Therefore, different academic and non-academic organisations must encourage Omani academics to research subjects related to youth and Omani society.

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## Declarations

### Ethical approval

All procedures in this study involving human participants followed the ethical standards of the institutional and/or national research committee in accordance with the 1964 Helsinki Declaration and its later amendments or comparable ethical standards.

### Informed consent

Informed consent was obtained from all participants in the study.



## Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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## Figures

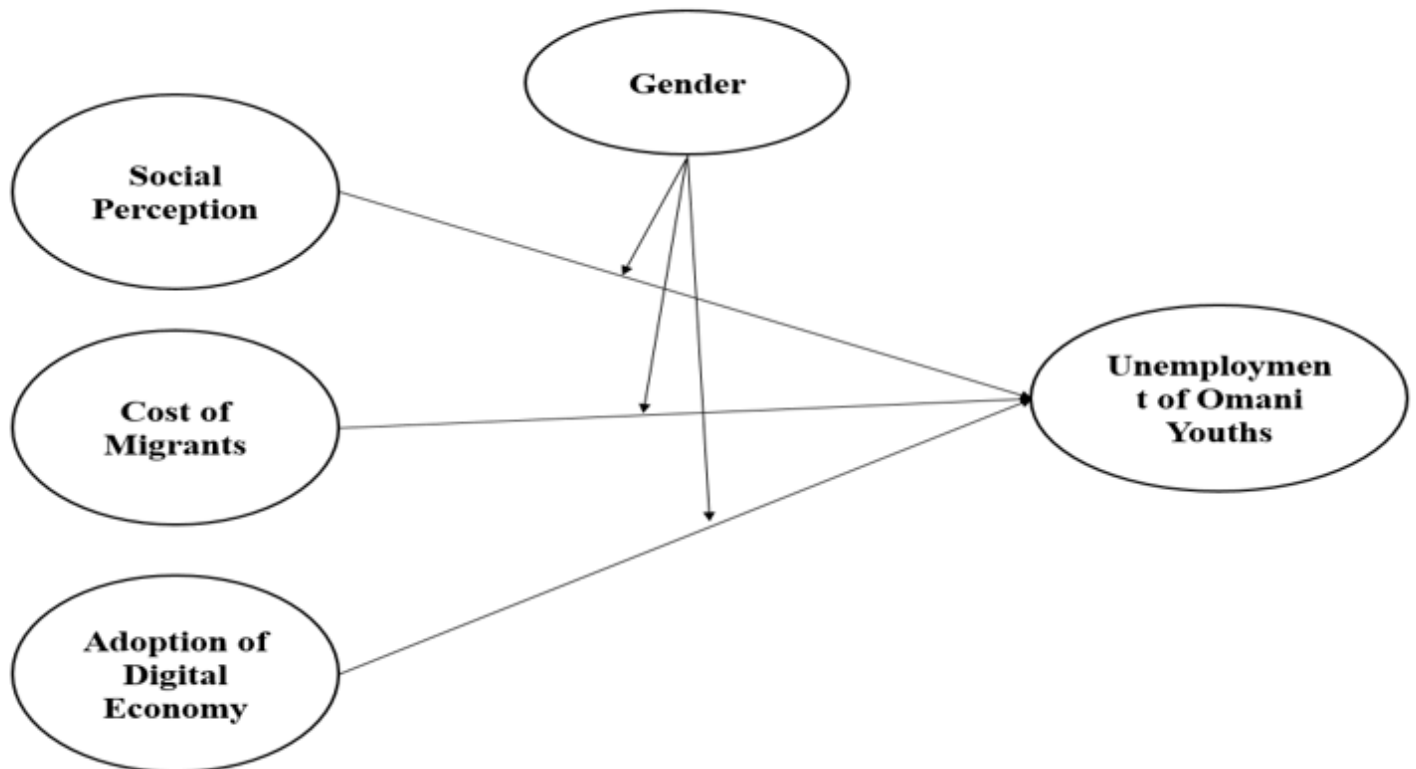
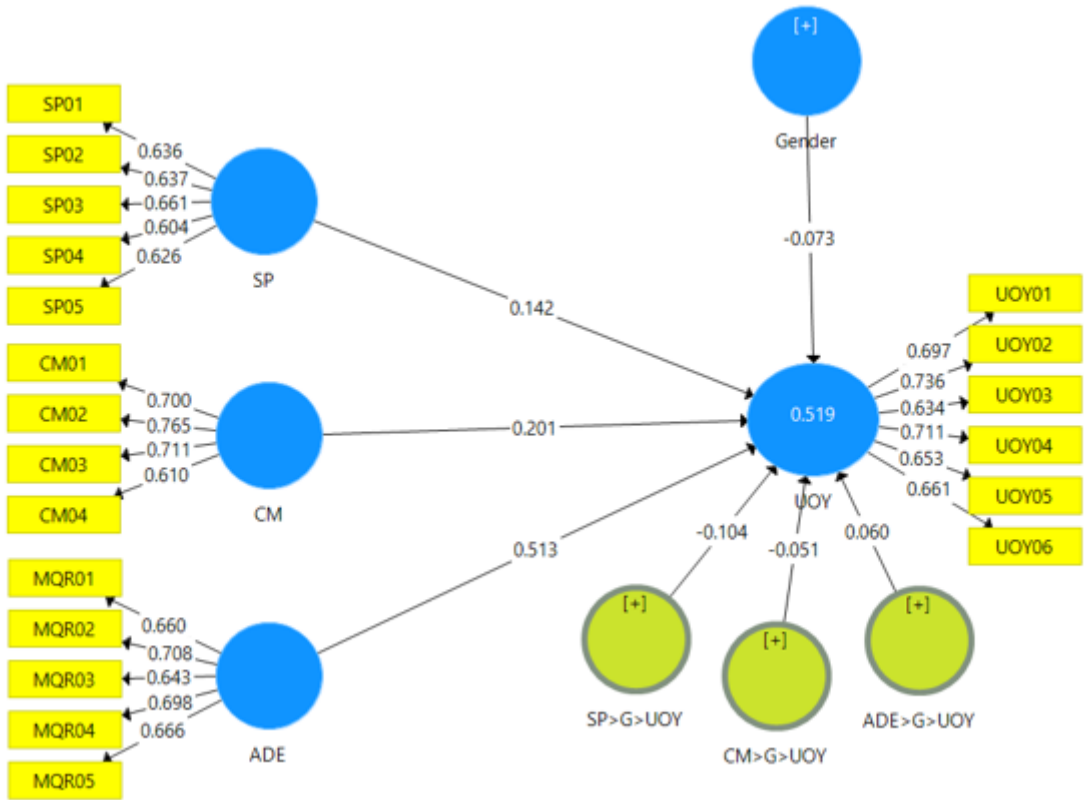


Figure 1

Conceptual framework



**Figure 2**

PLS Algorithm

**Note:** CM: Cost of Migrant, ADE: Adoption of digital economy, SP: Social perception, UOY: Unemployment of Youths

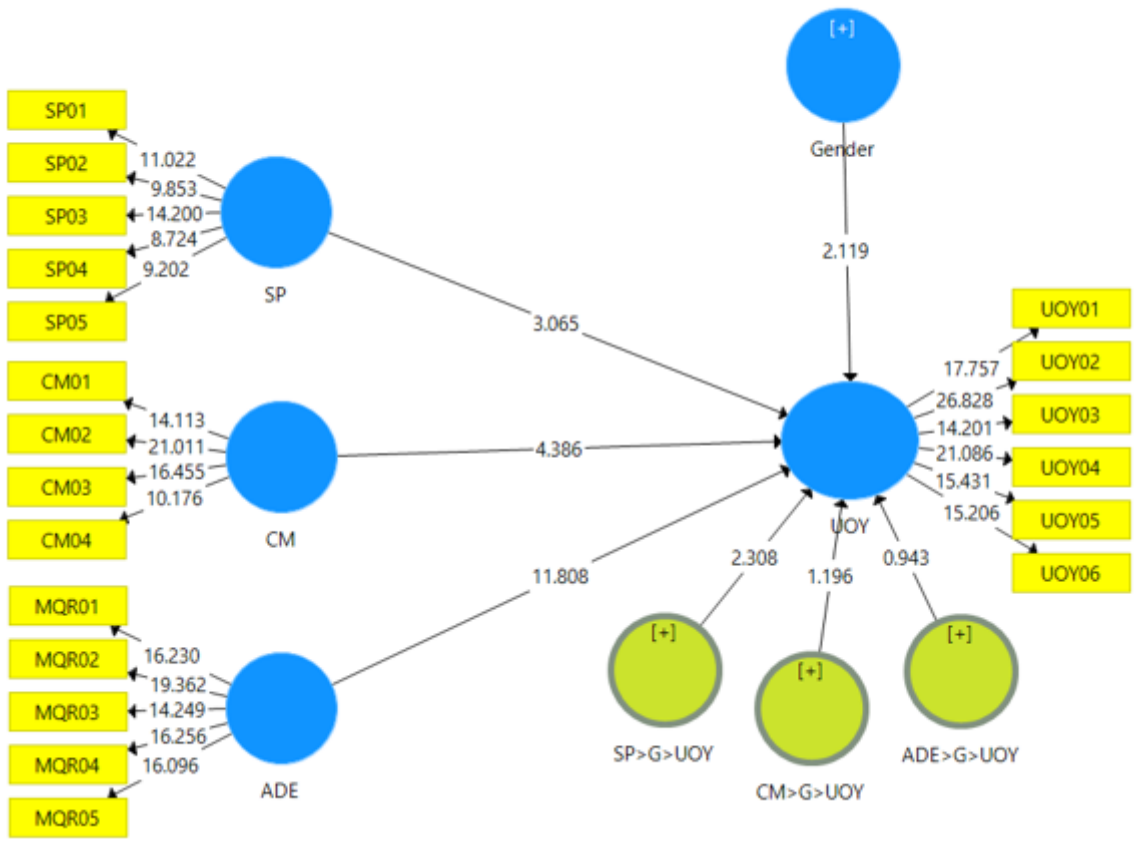


Figure 3

Bootstrapping Test