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Impact of Covid 19 on the Expat Anticipation - A case study from Sultanate of Oman

Dr.Ananth.A ¹, Ali.O.P ².

¹Faculty in Finance, Business Studies Department, University of Technology and Applied Sciences, Ibra, Oman.

²Faculty in Economics, Business Studies Department, University of Technology and Applied Sciences, Ibra, Oman.

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Abstract:

The COVID 19 pandemic has affected the entire world as many countries restricted their economic activity, travel and tourism. It creates an impact on expatriates and their families around the world. The aim of research is to find out the anticipation of expats as many people were lost their job during the pandemic. This research is a qualitative and exploratory research in which primary data is used which is collected through an online survey from more than 200 expats who are working in industries and educational sectors in Sultanate of Oman. A structured questionnaire was used to collect the responses. Pilot study was conducted to identify the factors that influence expat anticipation. Statistical tools such as factor analysis and multiple regression was used to draw meaningful conclusion. SPSS and AMOS 21 statistical packages were used to analyze the data. This study used factors which explored from the literatures as Migration, Remittance, Family concern, Job security, Consumption pattern and Investment attitudes influencing the expat anticipation. The collected data made group analysis based on income category and explored significant results that the low income group those are earning less than 250 OMR per month are concerning about their consumption pattern, the high income group earning more than 1500 OMR concerning about their family and the earning between 1000 to 1500 OMR are concerning about migrating to home country.

Introduction:

The outbreak of COVID-19 pandemic has exposed unparalleled challenges and vulnerabilities to all areas of human life. It has brought restrictions on social and economic life of people including economic activity, travel and tourism trade and commerce causing far-reaching consequences leading to global economic crisis. Each sector is fighting a battle of survival from the deadly virus. Life and livelihood of millions of people across the globe are shattered due

interruptions in economic activities followed by the lock down and closure of production units and business enterprises. Travel and tourism sector is one of the worst affected sector all over the world as this pandemic could slash more than 50 million jobs as reported by World Travel and Tourism council. Cancellation of international flight services has affected the movement of passengers between the countries. This has affected the movements of millions of migrant workers in various countries. According to a recent World Bank report, global remittances are predicted to decline sharply by about 20 percent in 2020 due to the economic crisis induced by the COVID-19 pandemic and shutdown. This projected fall will be the severest decline in the recent economic history of the world. This sharp fall is attributed mainly due to fall in the wage and employment of migrant workers all over the world who are the most vulnerable and severely affected people due to loss of job and lively hood in their host countries due to the outbreak of this pandemic. This has severely affected the economy of those countries like India where NRI remittance plays a crucial role.

Economic impact of Covid 19 -World scenario

A recent report published by World Bank reveals that the economic crisis brought by covid 19 is deeper and more persistent than any other pandemic crisis developed in the world since 1990s. All the pandemics that emerged recently have affected only a few countries and a small share of world population whereas Covid 19 has affected the whole world population bringing the global economic activities to a standstill.

Table 1.1 Comparison of Covid 19 with other pandemic and the global financial crisis

	Most Affected Countries	Death (thousands)	Average change in GDP growth in the most affected countries.
SARS(2002-04)	Canada,China,HongKong,Singapore	0.7	3.1%
H1N1(Swine Flu, 2009-10)	Australia,China,Mexico,Thailand,US	284	-2.5%
MERS (2012)	Iran,Jordan ,Korea,Saudi Arabia,UAE	0.8	-3.7%
Ebola(2014-16)	Guinea,Liberia,Sierra Leone	11	-8.6
Covid-19(2019-20)	Global pandemic impacting 210 countries	119	-8.7

Source: Covid 19 Crisis through a Migration Lens, Migration and Development Brief 32, April 2020 World Bank Group

Literature review

Alsharif, F (2020) investigates the impact of Covid -19 on diverse categories of expat workers in various industries of two gulf economic centers- Dubai and Jeddah. The study aims to analyse the complex and multilayered effects of the Covid 19 pandemic on three largest foreign expatriate communities in these selected gulf cities specially Filipinos, Egyptians and Pakistanis.

They have collected samples from diverse type of expatriate workers such as skilled, semi-skilled and manual workforce without formal educational qualification. The study covers the important aspects such as working condition , living conditions, access to medical services, remittance contribution, current and future employment and security perception both in gulf and home countries .The study reveals that covid 19 has significantly impacted both the income level and remittance contribution of expats in these countries. The study reveals that 52.5% of foreign workers income was substantially reduced due to industry closures during the initial wave of the pandemic. Dubai based expatriates reported a relatively higher loss of income compared to Jeddah based expatriates.

International Labour Organization (ILO) (2020) estimates that the job and livelihoods of at least 15.3 million workers – 6.4 million women and 8.9 million men- in the tourism sector are at risk due to the spread of Covid 19. In many Asia and Pacific countries, more than three in four workers in the tourism sector are in informal jobs who are highly vulnerable to the negative impact of the pandemic. The hospitality industry has also been affected severely. The report highlights the importance of labor standards and social protection system especially sick pay and special leave arrangements, ensuring the livelihood of informal workers and need for strengthening social dialogue for building the commitment of employees and workers to the joint action with government.

Aiko Kikkawa Takenaka et.al (2020)reveals that Asia and pacific region, which accounts for 33% of migrant workers worldwide and all these regions, were devastated by the impact of Covid 19. Remittance to these regions from outside world is an important source of stable income for families, which helped in strengthening external financing along with Foreign Direct Investment and tourism receipts. Jobs and worker welfare are severely affected by the pandemic. The majority of the decline in remittance flow to Asia is explained by a fall in remittance from the Middle East, which accounts for 41.4% of the global loss followed by US, European Union and UK.The study reveals that without continuous remittance flow, remittance- dependent household can fall in to poverty as well as lack of access to education and health services. Loan repayment is another challenge. Ensuring the safety and welfare of migrant workers, harnessing the digital technology and Fintech for remittance, ensuring the flow of remittance and addressing the knowledge and data gap are some of the policy measures suggested in the report to mitigate the impact of the crisis.

United Nations Conference on Trade and Development (UNCTAD) (2020) reports that Covid 19 pandemic has shaken the world trade and development that resulted in an economic downturn, which will be deeper, and more widely felt than the great depression that followed the global financial crisis in 2008-09. Growth in trade in goods and services has declined sharply in the first quarter of 2020 and a much more dramatic decline is expected in coming months. The value of year one year merchandise trade have declined by 18% I the second quarter and trade in services by 21% during this period. Covid pandemic has an immediate and negative impact on foreign direct investment in 2020. The spread of pandemic has led to delayed implementation of ongoing investment projects as well as the drying up of foreign affiliate earnings. Global FDI flows are forecast to decrease by up to 40% in 2020 from 2019 value and this would bring FDI to below \$1 trillion for the first time since 2005. Moreover, FDI is projected to decrease further in 2021 and expect a slow recovery in 2022. Global production and unemployment have also been slashed down during this period. The fall in manufacturing output was the biggest since the decline experienced in the global financial crisis of 2008-09. The decline in global working

hours is equivalent to a staggering 400 million full time jobs. The impact of the pandemic on poverty rates is expected to be severe, particularly in Africa and LDCs because of their high vulnerability and limited capacity to adjust and respond to shocks. The report suggest developing suitable short term and long term policies to meet short term challenges and long term consequences of the crisis to ensure a sustained recovery. Transformation of production and export structure, building resilience to future shocks and creating good conditions for sustained growth and development are some of the measures suggested in this regard.

United Nations (2020) estimates the impact of the corona virus pandemic in the Arab region. The report reveals that there is a loss in real GDP in the Arab region by an amount of 152 billion Dollar and a loss in the jobs measured in lost workinghours, which accounts 17 Million. Covid has pushed 14.3 million people in to poverty; 55 million people who are the existing receipients of humanitarian aid are at higher risk. There is 51% decline in the imports of Mechanical, electrical and other manufacturing, 17% in chemical industries, 15% in service sector and 14% in agriculture and food processing. Export also shows a continuous decline from Arab region during this time. There is around 56% decline in export from mining sector, 15% decline in chemical industries and 13% decline in the export of mechanical, electrical and other manufacturing industries. The report suggests policy measures such as supporting impacted business to reduce job layoffs and stimulate the economy by postponing social contribution payments for employees, extending tax payments and exceptions, providing wage subsidies for workers and suspending loan repayments.

UNCHR (2020) reveals that migrants and refugees are the most impacted social groups by Covid 19 who are suffering disproportionately from the social and economic consequences of the pandemic. The report focuses on several aspects including health, income, security, and education. The report also addresses the return and voluntary repatriation and trafficking in persons during covid. Arab region in 2019 hosted over 40 million migrants, refugees, and around 32 million of migrants and refugees originated from Arab countries during this period. Covid 19 pandemic is especially worrying for migrants and refugees with disabilities, older persons and those living with chronic diseases. Report suggests various policy measures such as access to quality health services, female health care, health insurance to all migrants, mental health and psychological support, modifying visa and permit requirements, safe return of migrants, implementation of resettlement and complementary pathways for refugees, enhance coordination between countries to facilitate access to protection, assistance and health care for migrants and refugees through legal path ways.

Research Gap

Covid 19 pandemic has severely affected the world economy with serious repercussion on communities and individuals. Remittance plays a crucial role in India's economy. Millions of Indians have migrated to various parts of the world and their remittance to India is a huge source of financial inflow to the economy of India, which has a great role in India's economic development. Situations have changed drastically since the outbreak of Covid 19 pandemic. Thousands of expatriate employees are returning to India due to loss of job and lively hood. As a result, there is a sharp decline in the NRI remittance to India from various countries. This has far-reaching consequences on the economy of India. This abnormal situation has led to a shift in core financial values for the expats and their plan has been severely impacted. Massive life style changes have been forced up on many of them due to unexpected outbreak of this pandemic. The

prospects of migration and the anticipations of the expats are being changed. Economic uncertainty triggered by the pandemic and loss of job of expats have impacted their anticipations forcing them to limit their expenses, optimizing the savings and expanding investment portfolios. Review of literature shows that studies related to this topic are scarce except few reports published by UNO and other agencies. According to the latest estimation of Government of India, approximately 6 million Indians are working in GCC states. Majority of them are mainly engaged in unskilled and semi-skilled professions. Remittance send by them plays a very crucial role in the local economies of many Indian states like Kerala, Tamilnadu, Andra Pradesh, Uttar Pradesh, Bihar and Gujrat and almost 60% of the remittance received by India is coming from Gulf countries. There is hardly no studies found on the anticipations and expectations of Indian expats living in Arab countries during Covid crisis. The present study to assess the impact of Covid 19 on expats anticipation among the Indian expats living in Sultanate of Oman is thus gain greater relevance in this context.

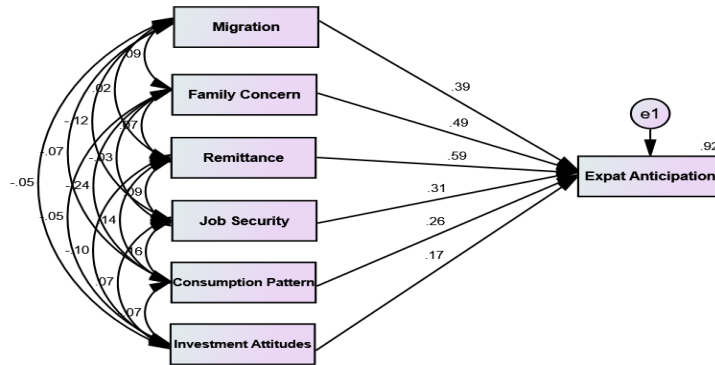
Objectives of the study

1. To study the impact of Covid 19 on expat anticipation.
2. To study the factors influencing the expat anticipation during Covid 19 pandemic.
3. To examine the most influential factor on expat anticipation during pandemic
4. To offer suggestions to government and policy makers on how to deal the crisis.

Research Methodology

The study was qualitative and explorative in nature as the researcher explored the factors from the collected data. This study mainly uses primary data, which was collected from the selected Indian migrant workers and employees residing in different parts of Sultanate of Oman. The respondents belong to various job categories such as teachers and other professionals, small businesspersons, technicians, salespersons and unskilled labors. The respondents belong to various states in India. A structured questionnaire was circulated among them through online to collect the data. 250 questionnaires were circulated but only 209 data were finalized. The collected data were analysed using multiple regression analysis and Amos path analysis and group wise comparison was made by their income level.

Multi Group Analysis and Interpretations



Regression Output:

	< 250 OMR		250 – 500 OMR		500 – 1000 OMR		1000-1500 OMR		>1500 OMR	
Path	Estimate	Sig	Estimate	Sig	Estimate	Sig	Estimate	Sig	Estimate	Sig
EA<- -- MG	.329	***	.368	***	.343	***	.397	***	.456	** *
EA<- -- FC	.357	***	.362	***	.466	***	.353	***	.502	** *
EA<- -- RT	.237	.004	.384	***	.369	***	.388	***	.467	** *
EA<- -- JS	.304	***	.383	***	.326	***	.387	***	.300	** *
EA<- -- CP	.458	***	.379	***	.379	***	.381	***	.386	** *
EA<- -- IA	.352	***	.307	***	.343	***	.290	***	.187	.006

Squared Multiple Correlations: (R²)

	Estimate
EA	.917

Interpretation:

This is an SEM framework for testing any number or type of differences between similar models for different group of respondents. Groups are sometimes formed from an overall sample by dividing it in to meaningful characteristic such as respondent's gender. The general objective is to see if there are differences between individual group models (Hair et al, 2010). Here the sample is divided by the respondent incomes as less than 250 OMR, 250 – 500 OMR, 500-1000 OMR, 1000 – 1500 OMR and above 1500 OMR.

From the above multiple regression model, it can be inferred that, out of the six factors identified remittance (0.59) is the most influential factor with respect to expatriate anticipation, followed by the other factors family concern (0.49), migration (0.39), job security (0.31), consumption pattern (0.26) and investment attitude (0.17). It is also evident from the group analysis made on the basis of income that, expatriates who earn an income between 1000-1500 OMR, anticipate flexible migration rules, those who earn more than 1500 OMR are more inclined to having family concerns and job security. Expatriates who earn an income between 250-500 OMR expect flexible and easy remittance policy. Consumption pattern and investment attitude are of priority to expatriates who earn an income less than 250 OMR. The squared multiple correlation R^2 is .917. The multiple regression model and the group analysis depicts the expectation of the expatriates based on their income level. It can also have understood from the model that the factors identified are highly correlated and comprehensive in terms of explaining the expatriate anticipation.

Managerial Implication

Based on the literature and the data analysis, this study has come up with a few meaningful suggestions to the policy makers and the government. It is quite natural during the unprecedented times like the pandemic COVID 19 that the anxiety level of the expatriates is very high because they are staying away from their native country and their families, which may lead to stress, anxiety depression and other mental health challenges. Considering this fact, the government and the policy makers can formulate flexible migration rules and remittance procedures. As gulf economies face a slowdown due to the crisis triggered by the pandemic, there is a call for nationalization of many jobs in these countries, which is expected to affect the opportunities of the expat employees. Home Governments should formulate suitable policies and implement emergency measures to provide support for the returning workers such as work and wage subsidy schemes. The economic slowdown due the pandemic has reduced the circulation of money across all economies, thus having flexible remittance policy will facilitate flow of cash. From the study it is inferred that the low-income group are more concerned about job security, consumption pattern and investment attitude. This gives an input to the policy makers and the employers to retain the existing workforce. The lay-off activities may lead to adverse effects in the Post COVID times, where the availability of skilled labors may become difficult. Arrangements and sponsored trip can be arranged to visit their families, which will in-turn help in the emotional well-being of the expatriates.

Conclusion:

The above research is an attempt to identify the factors that influence the expatriate anticipation. From the extensive literature survey and data analysis, the factors were identified and the managerial implications were suggested to the government and policy makers. The role of the government and policy makers is very vital and significant at times of uncertainty. Human resource is the most important resource of all the resources, so it is the natural responsibility of

the policy makers to understand the expectations of the expatriates. The findings of this research work gives an insight in to the same. Expectation of expatriates living in other countries can be considered as the scope for further research in this area.

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