**Factorsaffecting therate of unemployment in GCC countries**

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**Abstract**

The objective of this study is to investigate which variables have a significant effect on unemployment rate in gulf countries using a panel data technique. Four variables were employed to determine their relationship to unemployment rate. The result confirms that two variables play an essential role to determinant unemployment rate in the GCC countries. Government's expenditure as a percentage of GDP play an important role in decreasing unemployment rate since they have the power to shape policies. Governments in the GCC countries should create policies that encourage their citizens to get knowledge and enhance their ability through creating a social program to be ready working anywhere. Since the education is a part of government expenditure and most of GCC countries start concentrating in this factor because most of studies discover that there is a negative relationship between education and unemployment. Moreover, the estimated model provides that GDP per capita plays an essential role to determine unemployment rate in GCC countries. Therefore, I can conclude that Okun's law is occur in the case of GCC countries. Also, in case of GCC countries Structural unemployment is occurred which caused by forces other than the [business cycle](https://www.thebalance.com/what-is-the-business-cycle-3305912). It occurs when an underlying shift in the economy makes it difficult for some groups to find jobs.

**Keywords**: Unemployment rate, GDP per capita, Okun's law, GCC countries.

**JEL Class**: C12, E01, E24, E31