

Manuscript Title: Impact of Omanization Policy on Oman's Private Labour Market

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Article Info

Volume 83

Page Number: 5847 - 5853

Publication Issue:

March - April 2020

Abstract: The aim of this study is to evaluate the impact of Omanization policy on Oman's Private Sector Labour Market. Omanization refers to the policy of replacing the foreigners by Local labours. The study depends on secondary data which is mainly collected from earlier research and governmental reports such as National Center for Statistics and Information and Ministry of Higher education. The study finds that Omanization rate in the private sector remained low. In 2007, Omanization rate was 17% and then decreased to 13% by the end of 2018. The study finds that the achievements of Omanisation policy can be identified only in Oman's public sector. Sultanate of Oman government achieved the best employment rate of nationals in the public sector (85.5%) in 2007 compared to the GCC average rate of national employment. In the Private sector, it is clearly shows that there is achievements. Furthermore, the study finds that Omanization policy challenges prevailed in a number of areas which are: training and development, salaries, retirement plans, security, worker's compensation, educational assistance, holidays, sick leave, and working hours. Also, there is a gap between the strategic planning of Ominazation project and the implementation process. The study concludes by providing some recommendations for Oman's government to review the labour law articles related to the minimum salaries, retirement plans, social security, holidays, and working hours. Also, the government should provide Omanization plan for companies which shows the growth rate of localization especially in the jobs related to the higher education institutions outcomes.

Article History

Article Received: 24 July 2019

Revised: 12 September 2019

Accepted: 15 February 2020

Publication: 30 March 2020

Keywords: Localization Policy, Job Seekers, Oman's Labour Market.

I. Introduction

Current years have seen noteworthy proof of development in Oman orientated by HM Sultan Qaboos bin Said. The country development process relies on strategies which formulate the policy and set the basis for accomplishing the set of objectives through explicit programs, like, Vision 2020 and Omanisation (Oman Vision 2040, 2019).

Omanization refers to the policy of replacing the foreigners by Local labours. It has a major influence in the human resource management in the public sector as well as in the private sector. Nationalization adopted in all GCC countries and many developing countries. The major reason of creating this policy is the disparate composition of the workforce. In the other hand, there are many local youths not able to find work. Along with nationalization strategy, the GCC created many

rules such as wage subsidies, employment targets, fees and charges on foreign labours in order to curb non-national employment. (Wahshi, 2016)

Oman is considered one of the countries who have experience with localization policies (Omanisation) and It is very common that Sultanate of Oman government work to achieve a constitutional GCC agreement, in which designed to improve and develop the national manpower. Omanization refers to the policy of encouraging the Omani national labour to work in both public and private sector of Sultanate of Oman by paving the way for them. The policy of Omanisation is analogous thereto promoted by the GCC, in terms of the subsequent strategies: Reduction of unemployment rate, Find employment opportunities for Omanis, and Provide the training and qualifications needed by the labour market. (Gokhale, 2010)

II. PROBLEM STATEMENT

Unemployment rate of local Omani still growing as many international organizations and indicators report that Oman unemployment rate is between 16% and 17.5%. Oman's government established and implemented many strategies and plans to solve this issue but most of it does not tackle the roots of the problem (OCHR Oman, 2018). In Oman, there is more than 1.7 million expatriates working in Oman but the local people still fighting to get any opportunity. By the end of 2018, there is 44 thousand Omani job seeker NCSI 2019.

III. RESEARCH OBJECTIVES

1. To analyze the effects of Omanization policy on Oman's private sector labour market (2007-2018)
2. To analyze the policy achievements and Challenges

IV. METHODOLOGY

This study is based on secondary data which is mainly collected from earlier researchs conducted by National Center for Statistics and Information.

The analyzed data are presented by the following tables and diagrams.

V. FINDINGS AND DISCUSSIONS

According to NCSI 2019, the total number of employed in the private sector of sultanate of Oman is 1.98 million by the end of 2018, of which 87% are expatriates. 13% of the employed population in Oman's private sector are Omani. (NCSI, 2019)

1. Effects of Omanization Policy on Oman's Private sector labour market

Table 1 clearly highlight the low rate growth of Omani workers in the private sector compared to the expatriate workers. The total growth of labour force increased from 770,220 in 2007 to 1,981,845 in 2018 with average increase of 110, 148 per year. In particular, the average increase for Omani during the same period were 10,942 and expatriate 99,206. This refers that expatriate workers are able to work in Oman's private sector jobs more than Omani workers (NCSI, 2019).

Also in 2018, more than 44 thousand of expatriate labour were left their jobs and that due to Oman's economic situation as well as fluctuation of oil prices. The Compound Growth Rate of Oman's private sector labour is 9.26%. In particular, the growth rates of Omani and expatriate during 2007-2018 are 6.18% and 9.88% respectively. (NCSI, 2019)

Table 1: Composition of Workers in Oman's private sector from 2007-2018

Year	Omani	Expatriate	Total Workers	Oman i Work ers Annu al Growt h Rate	Expat riate Work ers Annu al Growt h Rate	Worker s Annual Growth Rate
2007	131,775	638,447	770,222			
2008	147,194	794,935	942,129	11.70 %	25%	22.32%
2009	158,315	974,245	1,132,560	7.56%	23%	20.21%

2010	177,716	955,630	1,133,346	12.25 %	-2%	0.07%
2011	174,441	1,114,590	1,289,031	- 1.84%	17%	13.74%
2012	172,066	1,316,182	1,488,248	- 1.36%	18%	15.45%
2013	181,860	1,471,136	1,652,996	5.69%	12%	11.07%
2014	197,510	1,510,393	1,707,903	8.61%	3%	3.32%
2015	209,620	1,636,038	1,845,658	6.13%	8%	8.07%
2016	233,869	1,787,979	2,021,848	11.57 %	9%	9.55%
2017	238,688	1,787,979	2,026,667	2.06%	0%	0.24%
2018	252,132	1,729,713	1,981,845	5.63%	-3%	-2.21%
Compound Growth Rate				6.18%	9.88%	9.26%

Source: National Centre for Statistics & Information, Sultanate of Oman 2019

According to NCSI 2019, the Omanization rate in the private sector remained low. In 2007, Omanization rate was 17% and then decreased to be 13% by the end of 2018 (see table 2). It looks that private sector organizations does not work to achieve the objectives of Omanization policy since it established during the fourth Five-year plan (1991-1995) (AlBalushi, 2013). The Omaization policy seems has negative impact on localizing the private sector jobs as the average employment growth in the private sector increasing but still the Omani workers not able to catch the jobs. Moreover, by the end of 2018, there were around 44 thousand Omani job seekers.

Table 2: Omanization rate of Oman's Private sector from 2007-2018

Year	Omani	Expatriate
2007	17%	83%
2008	16%	84%
2009	14%	86%
2010	16%	84%
2011	14%	86%
2012	12%	88%
2013	11%	89%
2014	12%	88%

2015	11%	89%
2016	12%	88%
2017	12%	88%
2018	13%	87%

Source: National Centre for Statistics & Information, Sultanate of Oman 2019

According to NCSI 2019, the Non-Omani employees occupied all the jobs in Extra - Territorial Organizational & Bodies activities, Private household with Employed Persons activities and Agriculture & Hunting & Forestry activities by the end of 2018. Furthermore, In Health & Social Work activities, Hotels and Restaurants activities, Wholesale, Retail Trade & Repairs of motor Vehicles motorcycles and personnel & household goods, Construction activities and Manufacturing activities are occupied by non-Omani employees with more than 80%. However, the maximum rate of jobs occupied by Omani employees were in Financial Intermediaries activity with 80%. Most significantly, the Omani employee's rate in Electricity, Gas & Water Supply dropped from 74% in 2016 to 39% in 2017 and 38% in 2016. In the other hand, Non-Omani rate in same sector increased from 26% in 2016 to 60.7% in 2017 and 61.6% in 2018.

Also, according to table 4, Omani employees in Community & Personal Services activities were increase from 3% in 2016 to 9% in 2017 and 25% in 2018. Moreover, in Health & Social Work activities, Omani employees increased from 16% in 2016 to 24% in 2017 but in 2018 dropped down again to be 12.9%. In the other hand, Non-Omani employees in same activities decreased from 83% in 2016 to 75% in 2017 but in 2018 increased to 87%.

Table 3: Workers in Oman's private sector based on Economic Activity

S.L	Economic Activity	Omani%			Non Omani		
		2016	2017	2018	2016	2017	2018

1	Extra - Territorial Organizational & Bodies	0%	0.85 5%	0.762 %	100.0 0%	99.15 %	99.24 %
2	Private household with Employed Persons	0%	0.00 7%	0.000 %	100.0 0%	99.99 %	100.0 0%
3	Community & Personal Services	3%	9.13 4%	25.62 2%	96.66 %	90.87 %	74.38 %
4	Health & Social Work	16%	24.7 39%	12.98 5%	83.54 %	75.26 %	87.02 %
5	Education	28%	28.8 54%	30.10 5%	72.41 %	71.15 %	69.90 %
6	Real Estate & Renting and business activities	22%	19.4 25%	22.26 2%	78.47 %	80.57 %	77.74 %
7	Financial Intermediaries	79%	79.5 64%	80.73 3%	21.04 %	20.44 %	19.27 %
8	Transport, Storage & Communication	20%	20.8 00%	22.86 0%	79.87 %	79.20 %	77.14 %
9	Hotels and Restaurants	6%	6.36 6%	6.997 %	93.82 %	93.63 %	93.00 %
10	Wholesale, Retail Trade & Repairs of motor Vehicles motorcycles and personnel & household goods	13%	13.1 80%	13.60 2%	87.26 %	86.82 %	86.40 %
11	Construction	8%	8.28 9%	9.573 %	92.29 %	91.71 %	90.43 %
12	Electricity, Gas & Water Supply	74%	39.2 66%	38.37 9%	26.16 %	60.73 %	61.62 %
13	Manufacturing	10%	10.7 45%	12.69 8%	89.99 %	89.25 %	87.30 %
14	Mining & Quarrying	59%	61.0 41%	63.21 6%	40.55 %	38.96 %	36.78 %
15	Fishing	2%	0.00 0%	0.000 %	98.28 %	0.00 %	0.00 %
16	Agriculture & Hunting & Forestry	1%	1.16 5%	1.298 %	98.71 %	98.83 %	98.70 %

Source: National Centre for Statistics & Information, Sultanate of Oman 2019

Based on occupational group, the researcher noticed that the Omani employees rate in Administration, Directors & Managers jobs are growing continually from 24% in 2016 to 40% in 2017 and 42.4% in 2018. In the other hand, Non Omani decreasing from 75% in 2016 to 59% in 2017 and 57% in 2018. Table 6 shows that Non-Omani employees occupied more than 80% of Scientific, Technical & Human Matters Specialists jobs, Sales Occupations, Service Occupations, Agriculture, Stock Breeding, Agriculture & Hunting Occupations, Industrial, Chemical & Food Industries Occupations and Principal & Auxiliary Engineering Occupations by the end of 2018. The maximum rate of Omani employees based on occupational group was on Clerical Occupations with 96.5%.

Table 4: Workers in Oman's private sector based on Economic Activity

S. L	Occupational groups	Omani			Non Omani		
		2016	2017	2018	2016	2017	2018
1	Administration , Directors & Managers	24.1 5%	40.2 9%	42.4 7%	75.8 5%	59.7 1%	57.5 3%
2	Scientific, Technical & Human Matters Specialists	21.0 5%	13.2 9%	15.4 9%	78.9 5%	86.7 1%	84.5 1%
3	Scientific, Technical & Human Subjects Technicians	24.5 7%	25.9 4%	28.3 8%	75.4 3%	74.0 6%	71.6 2%
4	Clerical Occupations	95.3 9%	96.1 2%	96.5 4%	4.61 %	3.88 %	3.46 %
5	Sales Occupations	11.9 0%	11.0 3%	11.2 5%	88.1 0%	88.9 7%	88.7 5%
6	Service Occupation	8.58 %	8.61 %	8.62 %	91.4 2%	91.3 9%	91.3 8%
7	Agriculture, Stock Breeding , Agriculture & Hunting	0.56 %	0.45 %	0.55 %	99.4 4%	99.5 5%	99.4 5%
8	Industrial , Chemical & Food Industries Occupations	9.21 %	9.69 %	10.5 0%	90.7 9%	90.3 1%	89.5 0%
9	Principal & Auxiliary Engineering Occupations	5.63 %	6.19 %	7.05 %	94.3 7%	93.8 1%	92.9 5%

Source: National Centre for Statistics & Information, Sultanate of Oman 2019

Based on the above analysis, the Omanization policy has totally no effect on jobs localization as the rate of Omani employees still decreasing. Also, Omani employee's rate growth is not noticeable and that lead to the fact of unplanned work method toward achieving the policy objectives. In the next section of this study, the research provides the most important challenges faced Omanization policy.

2. Omanization Policy achievements and Challenges

Omanization was adopted as a supportive policy in the vision 2020 and its goals were being achieved by the subsequent strategies (Gokhale, 2010):

- Identify the required skills and qualifications demanded by the labour market and providing it to Omani employees.
- Encourage and supporting women's participation in the workforce.
- Enhancing and improving the Omani labour efficiency.

The achievements of Omanisation policy can be identified more in Oman's public sector. In 1988,

the first phase of Omanization was introduced. The first phase of Omanization focused on the unskilled labour by replacing non-national workforce with Omani labour. The government of Sultanate of Oman has created a conjunctive effort Through its Five-Year development plans to support Omanization schemes and incentives in order to push its initiative in its public and private sectors. For example, Sultanate of Oman government achieved the best employment rate of nationals in the public sector (85.5%) in 2007 compared to the GCC average rate of national employment (Ali, 2017).

The Ominazation policy has been evaluated by many researchers and they revealed significant barriers of implementing the Ominazation strategy as planned. In 1998, there was a study perceived by 95 senior graduating students at the Sultan Qaboos University to investigate the Omanization barriers. The study found that the Omanization barriers prevailed in a number of areas which are: training and development, salaries, retirement plans, security, worker's compensation, educational assistance, holidays, sick leave, and working hours. This refers that Oman's government has to concentrate and do some modification in those area in order to meet and accomplish the objectives of the Omanization policy. Also, there were another study conducted by the World Bank and the Ministry of Education in 2012. The study found that there is inadequate educational preparation of Omani graduates from Omani higher education institutions. As an example, the study found that Oman's graduates showed poor skills in a many significant area including: teamwork, public speaking, problem solving, and critical thinking. Also, the study found that they were not have the willingness to take responsibility and weakness in work ethic. (Wahshi, 2016)

Furthermore, Lack of coordination between government and the private sector in the formulation of Omanization policies contributing to sustained high level expatriate workers in

Oman's private sector leaving a large gap between the Omani job seekers and job availability in the selected sectors. (Ali, 2017)

Also, there was a study of educational planning in Oman, the findings show the gap between the strategic planning of Ominazation project and the implementation process. The lack of capacity in the higher education institutions to accommodate the outcomes of public education was the major problem in Oman higher education's sector as well as the mismatch between the output and labour market needs. Also, Al Maskery's in 1992 found in his study that the Oman's governments faced difficulty in hiring Omani employees to work in the Public sector. Despite that the government hired many Omani nationals to work in the public sector to contain the unemployment crises as well as many organizations in Oman try to implement effective strategy to decrease unemployment rate in Oman. Due to that, many governmental organizations have overstaffing issue in which effected the directly to the overall productivity of these organizations. (Wahshi, 2016)

The National Centre for Statistics and Information has conducted a survey in 2015. The survey found that the majority of Omani national prefer to work in the public sector because of the working conditions of the governmental organizations. This is considered as obstacles to achieve the objectives of Omanization policy as the government try to place the Omani national to work more in the private sector to help in develop and improve the country economy. The Omani national employee's rate in the private sector remain low. (NCSI, 2015) For example, in 2018 the Omanization percentage in the private sector was 13% which was less than the target outlined in the country Five-Year plan (2016-2020). (NCSI, 2019)

According to (MOHE, 2016), the major reasons that the employer in Oman Private sector hiring non-Omani employees are: (1) high rate of Job rejection by Omani, (2) Omani candidates are

missing the job experience and training, (3) Difficulty of finding suitable Omani employee and (4) employer Fears from higher turnover rate of Omani employees. Also, the point of view of employer in Oman private sector, the Omani employees reject the job offers due to low salaries, Work locations are not suitable for them and the mismatch between candidate specialization and offered jobs. Also, the Omani candidates also provide the same reasons of employers in Oman private sector.

VI. CONCLUSION

The aim of this study is to evaluate the impact of Omanization policy on Oman's Private Sector Labour Market. Omanization refers to the policy of replacing the foreigners by Local labours. The study depends on secondary data which is mainly collected from earlier research and governmental reports such as National Center for Statistics and Information and Ministry of Higher education. The first objective is to analyze the effects of Omanization policy on Oman's private sector labour market (2007-2018). The study finds that Omanization rate in the private sector remained low. In 2007, Omanization rate was 17% and then decreased to 13% by the end of 2018. Also, The Non-Omani employees occupied all the jobs in Extra - Territorial Organizational & Bodies activities, Private household with Employed Persons activities and Agriculture & Hunting & Forestry activities by the end of 2018. Furthermore, In Health & Social Work activities, Hotels and Restaurants activities, Wholesale, Retail Trade & Repairs of motor Vehicles motorcycles and personnel & household goods, Construction activities and Manufacturing activities are occupied by non-Omani employees with more than 80%. Based on occupational group, the Omani employee's rate in Administration, directors & managers jobs are growing continually from 24% in 2016 to 40% in 2017 and 42.4% in 2018. In the other hand, Non Omani decreasing from 75% in 2016 to 59% in 2017 and 57% in 2018. Moreover,

Non-Omani employees occupied more than 80% of Scientific, Technical & Human Matters Specialists jobs, Sales Occupations, Service Occupations, Agriculture, Stock Breeding, Agriculture & Hunting Occupations, Industrial, Chemical & Food Industries Occupations and Principal & Auxiliary Engineering Occupations by the end of 2018. The maximum rate of Omani employees based on occupational group was on Clerical Occupations with 96.5%.

The second objective is to analyze the policy achievements and Challenges. The study finds that the achievements of Omanisation policy can be identified only in Oman's public sector. Sultanate of Oman government achieved the best employment rate of nationals in the public sector (85.5%) in 2007 compared to the GCC average rate of national employment. In the Private sector, it is clearly shows that there is achievements. Furthermore, the study finds that Omanization policy challenges prevailed in a number of areas which are: training and development, salaries, retirement plans, security, worker's compensation, educational assistance, holidays, sick leave, and working hours. Also, there is a gap between the strategic planning of Ominazation project and the implementation process. The majority of Omani national prefer to work in the public sector because of the working conditions of the governmental organizations. However, the major reasons that the employer in Oman Private sector hiring non-Omani employees are: (1) high rate of Job rejection by Omani, (2) Omani candidates are missing the job experience and training, (3) Difficulty of finding suitable Omani employee and (4) employer Fears from higher turnover rate of Omani employees.

VII. RECOMMENDATIONS

This study has enabled identification of many recommendations for Oman's government to enhance the effect of Omanization policy on the private sector:

1. In effort to solve this quagmire, review of the labor law related to the minimum salaries, retirement plans, social security, holidays, and working hours can be concentrated in detail, clearly indicating how it is aiding in the Omanization adaptability.
2. The government should provide Omanization plan for companies which shows the growth rate of localization especially in the jobs related to the higher education institutions outcomes.
3. The higher education institutions should review their learning programm and making sure that the outcomes should have the market skill requirements such as English language skills, computer skills etc. Also, send students for Training while studying to prepare them for working environment.

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