

Localization of Labor and International Migration: A Case Study of the Sultanate of Oman

Introduction:

The six states of the Gulf Cooperation Council (GCC); Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates (U.A.E.) which has over 5 million migrant workers have some of the highest concentration of migrant workers in the world. According to the International Migration Report 2002 top four countries with the highest proportion of migrant stock are in West Asia i.e. United Arab Emirates (74%), Kuwait (58%), Jordan (40%) and Israel (37%). “As per World Migration Report 2003, 25% of the workers in Saudi Arabia, 65 % in Kuwait, 67 % in United Arab Emirates and as much as 70 % in Qatar are non-nationals. Most of these migrants belong to South Asian countries like India, Bangladesh, Pakistan and Sri Lanka.

The discovery of oil in early 20th century opened the new avenues of international movements. Till 1960's most of the migrants to GCC countries in the form of work force came from the neighboring Arab countries like Lebanon, Palestine, Jordan, Syria etc. But the 1973 oil price hike enabled gulf countries to rapidly expand their economic plans. In such a situation, Asian workers began to migrate for work to these countries. Ever increasing labor migration is seen as the after effect of oil boom and is absorbed in various occupations ranging from building and construction, maintenance, repairs, trading and domestic work.” Asian workers' migration to the Gulf was the move of mutually beneficial option for both the origin and destination countries. During the last twenty years, the flow of Asian workers to Middle East has increased in such a magnitude that increasing proportion of non-national (often referred as expatriates) to total population is considered as growing dependency on foreign labor force as well as one of the root causes behind unemployment in those countries. Many

countries like Saudi Arabia, Oman, U.A.E. and Qatar have come up with its policy of ¹localization of labor i.e. reserving proportion of jobs for local people i.e. for nationals only. The term “*localization*” carries specific socio-economic reference derived from the term “*locals*” which is distinctly used to indicate nationals and issues related to nationals. There are diverse factors that shape Middle East’s supply of and demand for foreign labor and interaction between these factors and any defensive strategy in this respect is a national priority. Gulf nations view localization as the desired alternative to perpetual dependency on expatriate workers.’ Metwally (2003) refers this situation as Gulf paradox where ‘a country that imports labor faces a problem of unemployment amongst its citizens (or nationals).’ He further states that this situation is prevailing in all the six GCC countries and the problem is continuously aggravating, particularly for educated citizens.

Changing scenario in Gulf labor market is effect of change in demand for labor and change in the policies of the Gulf countries related to immigration. Governments of these countries view localization of labor as the desired alternative to perpetual dependency on Asian expatriate workers. Authorities in these countries are taking major steps like: a) improving local human resources by making massive investment in education, health and vocational training; b) formulating new policies to limit and control immigration of laborers from other countries .

Present paper focuses on the localization policy under implementation in Sultanate of Oman. Known as ²Omanisation Program, this policy had been incorporated by Govt. of Oman since 1988 with an aim to Omanise its labor force and cut down the dependence on foreign labor. It is essential to understand

¹ Localization Policy: Localization Policy refers to localization of labor, i.e. replacing foreign labor by national or local labor to reduce unemployment among nationals and to reduce increasing dependence on foreign labor. Localization of labor includes various programs related to employment, human resource development, improvement of education system. Such policies are in operation in some of the Gulf countries like Saudi-Arabia, U.A.E., Oman.

² Omanisation: Omanisation is a program under implementation since 1988, introduced by Govt. of Oman. This program aims to provide various opportunities to increase participation of Omani labor in Oman’s economy and to reduce dependence on expatriate labor.

the intricacies involved in localization of labor to understand future trend of Gulf migration especially of Oman because localization policy is bound to affect the movements of Asian laborers irrespective of success or failure of the policy.

Methodology, Data and Results:

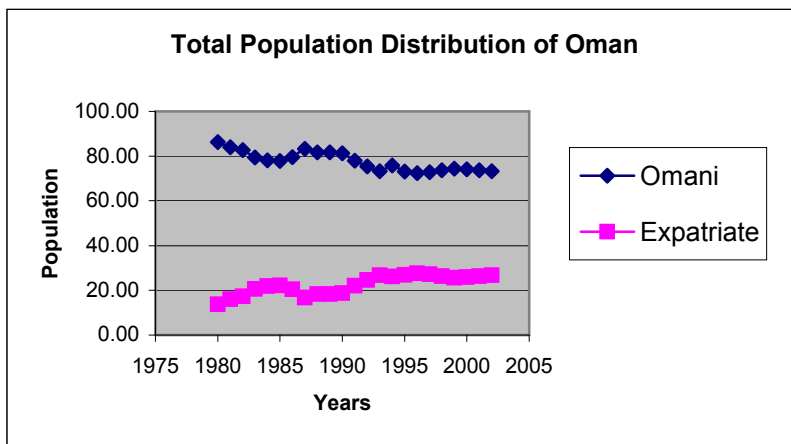
Present study is predominantly based upon the analysis of secondary data made available by Govt. of Oman. Statistical Year Books since 1984 published by Ministry of National Economy provides substantial information related to employment (Omani and non-Omani), sectoral distribution of economic activities and various demographic indicators. Various policy documents like Five Year Plans (4th, 5th, 6th), Census of Oman, Facts and Indicators of Five Year Plans provided important information to gauge the impact of Omanisation on employment. This secondary data is supplemented by primary data in the form of key informant interviews and exploratory interviews of expatriates and Omanis. Exploratory interviews of migrants shed light on economic influence of the policy, interviews of locals (Omanis) helped to understand socio-cultural of the Omani community. Key informants were selected from Omani as well as Asian community closely associated with Omanisation process.

Background:

The Sultanate of Oman popularly known as Oman is one of the six GCC countries situated on the southeast corner of the Arabian Peninsula and bordered by Kingdom of Saudi Arabia, the Republic of Yemen and the United Arab Emirates (UAE). Oman's petroleum deposits were discovered in 1962, decades after most of those of its neighbors. Still today, Oman continues to be heavily dependent on oil revenues which account for the 75% of the country's total export earnings and almost 40 percent of its GDP. Change in political scenario in 1970 proved to be start of Renaissance for the country's overall development as the new Sultan instituted a program of liberalization and modernization.

Oman joined the United Nations and the Arab League in 1971, but it did not become part of the Organization of Petroleum Exporting Countries (OPEC). In 1981 Oman joined other Arab Persian Gulf nations in founding the Gulf Cooperation Council (GCC).

Discovery of oil opened new vistas of job opportunities and attracted thousands of migrants to this country. The percentage of foreigners in Oman systematically grew over the last three decades. The dominance of foreigners is more pronounced in workforce than it is in the total population. At the end of 2002, total population of Oman was 2.5 millions. With local ³Omani population of 1.9 million people along with 668,000 ⁴expatriates. Population figures since 1980 show constant increase in the proportion of non-Omani population.



Source: Statistical Year Book, Ministry of National Economy, Oman

From 13.77 percent of total population in 1980 expatriate population increased to 26.75 percent in 1993. There was a rapid increase in expatriate labor force between 1991 and 96. Iran-Iraq war and 1991 Iraq war helped to attract migrants to this country. At the time of first census (1993), the non-

³ Omani: Omani person is any person who is citizen of Sultanate of Oman often referred as locals in this paper.

⁴ Expatriate: Any person living in Sultanate of Oman and not a citizen of Sultanate of Oman.

Omanis constituted 61.4% of total labor force while non-Omanis constituted 38.6%. That means there were 3 non-Omanis for every two Omanis engaged in labor force. Since 1997 the percentage of non-Omanis is slowly coming down and fluctuating between 26 to 25%. Latest (2nd) Census of 2003 reports this share to 23%. Even then, at the end of 2002, expatriates constituted more than 75 % of the work force. Demographic structure of Oman and profile of migrants are two closely interrelated issues of the country.

At one side, Oman is considered as a labor importing country. Like other GCC countries, at the beginning, the Arab workers belonging to Lebanon, Syria, Palestine, Jordan etc. were welcomed in this country. Very soon the preference shifted to Asian workers as they were less expensive to employ, easier to lay off, thought to be more efficient obedient and manageable, and culturally less threatening. Today Indians, Bangladeshi, Pakistani and Sri Lankan labor force dominate the migrant class. At the other end, Omani society is primarily a young society with estimated 41.2 percent population falling under the age of 15 years also 53.9 per cent of population falls under the age of 15 to 60. The statistics show that every year almost 30,000 students successfully complete their secondary schooling and follow one of the following options: 1) enrollment to university education in Oman 2) admission to foreign universities 3) enrollment to private colleges 4) short duration vocational courses and 5) entry in the job market. First two options are restricted to limited students due to shortage of seats and funds. The tussle in the job market starts at this juncture as most of the young Omanis enter in the job market and find it difficult to get job. The reason is lack of vocational/ higher education, and/or absence of practical work exposure compared to expatriate laborers working on similar positions. ***Such kind of unemployment among local youths is Oman's major problem.*** At one side, there is growing dependence on foreign labor while at the other side, there is increasing local unemployment –it's a unique paradox, which has become a growing concern for the citizens as well as for the Omani government. Oman's development policy include 'Omanisation' drive as an attempt to solve this problem where 'Omanisation' program targets on increasing the percentage of Omani

citizens in labor market. It is thus necessary to look into the employment scenario and sectoral distribution of expatriate workers in Oman to study Omanisation policy.

Employment , Labour Market & Migration: Expatriate labor force comes to Oman on a selective basis with a local sponsor who applies for the work permit on their behalf. While they are in country, expatriates must work for that sponsor and only that sponsor. Renewal of work permits for expatriates already in Oman is usually not restricted provided employer pays the fee or the training contribution. During initial years, expatriate workers were absorbed in public as well as private sector. As the number of locals entering in job market increased, expatriate workers' scope became restricted to private sector. During late 90s, government's job retrenchment program started in public sector that automatically restricted new employment in public sector leaving no other option even for Omanis than to search job in private sector. Table 1 shows the composition of labor force in private sector by nationality. Indians dominate the foreign labor market, as their share is more than 50 % right from 1991. Bangladesh, Pakistan, Sri Lanka are the other dominant nations while share of Arab nationals and western countries is very negligible.

Thus South Asian nationals constitute 93.8 percent of total foreign labor force in Oman. At the end of 2002, there were 312,055 (57%) Indians. Second largest foreign population belonged to Bangladesh i.e. 114,881(21%). The difference between share of Indians and share of Bangladeshis out of total expatriates is worth noting, 63% more Indians than Bangladeshis. Time series data show that number of Indians coming to Oman is increasing whereas there is slight backward movement in case of Bangladeshis and Pakistanis. Similar trend is observed in case of Sri Lankans and Philipinos. While Egyptians and other Arabs maintain constant share of 2.3% of total foreign population, number of Westerners largely coming from European countries are increasing.

Table 1: Percentage wise Distribution of Expatriate Workers in the Private Sector by Nationality 1991- 2002

Year	Indian	Bangladeshi	Pakistani	Sri Lankan	Phillipino	Arab	Other nationalities	Total
1991	56.1	17.1	16.3	5.1	2.2	1.8	1.4	351606 (100.0)
1994	58.2	16.8	14.5	4.7	2.2	2.0	1.6	526018 (100.0)
1997	54.6	23.3	12.9	4	1.5	2.3	1.6	493847 (100.0)
2000	55.3	22.5	12.9	3.3	1.5	2.2	2.1	494699 (100.0)
2002	57	21	12	2.5	1.3	2.3	3.6	547477 (100.0)

Source: Statistical Year Book, Ministry of National Economy, Oman

Distribution of Expatriate Workers in Private Sector By Educational Level: Educational status of the expatriate workers working in private sector explains their contribution at various occupational levels. Table 2 shows that 48.3% of the expatriate workforce in the country has not completed their primary school education and only 20 % of them hold primary education certificates. Less than 7% of the expatriates hold university degree and not even 1% hold post-graduate degrees. Most of the diploma, degree and post graduate degree holders are engaged in technical and engineering positions in the concerned fields. By 2002, 82.8% of the expatriates belonged to the class who had not even completed secondary level school education. This class of expatriates is engaged in sectors like construction, commerce, manufacturing, domestic services on various unskilled, semi skilled positions.

Table 2: Percentage wise Distribution of Expatriate Workers in Private Sector by Educational Level 1997-2002

Educational Level	1997	1998	1999	2000	2001	2002
Pre Primary	55.4	56.7	48.6	48.6	48.0	48.3
Primary	14.0	15.0	17.0	19.0	21.1	19.9
Preparatory	9.3	12.7	14.8	14.7	13.6	14.6
Secondary	6.7	10.0	9.9	9.3	8.7	8.8
Diploma	2.9	0.8	1.6	1.9	1.9	2.0
University	3.3	4.6	5.2	6.4	6.4	6.2
Post Graduate	0.1	0.2	0.2	0.2	0.2	0.2
Not Stated	40665	0	0	0	0	0
Gross Labor Force	493847 (100.0)	501543 (100.0)	474717 (100.0)	494699 (100.0)	529998 (100.0)	547477 (100.0)

Source: Statistical Year Book, Ministry of National Economy, Oman

The expatriates who come with bare minimum educational qualifications are absorbed for heavy manual work many times in dangerous and / or hazardous conditions. This category of workers are easily available, paid very low wages and are always ready to work in any given conditions as they are in dire need of money due to poverty at homeland. At the same time, locals generally prefer to keep themselves away from these 'low level' occupations and choose to work in relatively comfortable, well-paid conditions. Such a cultural trend of locals expresses their dependence on foreign workers working in occupations with hard physical work in severe conditions.

Distribution of Expatriate Workers in the Private Sector by Activities: For last twelve years the distribution of expatriate workers in the private sector is concentrated in construction, wholesale and retail trade and in manufacturing activities where 64.5% of total expatriates were employed in 2002. Domestic work is the activity where 12 % of expatriates were employed during the same period. Education, health, social work and community work are the activities dominated by the locals. It is noted that up to 1996, percentage of expatriates in construction, wholesale and retail trade, manufacturing sectors were increasing. Around 1995-96, this trend got reversed by slowly coming down. In 1997 there were 33% of expatriates in wholesale-retail sector, which came down to 27.1% in 2002. Same way, construction sector employed 28% of expatriates in 1995, which came down to 24.5% in 2002. ***Interesting point to be noted is that though the proportion of expatriates in these sectors is coming down, the actual number of workers is on increase. This overall increase is attributed to the constantly increasing pace of the Omani economy.***

Employment Situation in Public Sector: Public Sector in Oman is comprised of Civil Services, Diwan of Royal Court and Public Corporations. Public Corporations involve sixteen various organizations like Oman Telecommunications, Public Authority for Stores and Food Reserves, Public Authority for Social Insurance, State Audit Institution, Central Bank of Oman, Sultan Qaboos University among others. The specialty of the public sector is the dominance of local labor force. At the end of 2002, more than 80% of jobs were occupied by the nationals; result of government's decision taken in early 1990's to Omanise public sector. Up to 1995 most Omanis sought and found work in the public sector and were unwilling to work in the private sector. It is because private sector is characterized by: 1) less job security 2) low wages 3) strenuous working conditions 4) long and inconvenient work timings. However, faced with substantially reduced prospects for public employment, young Omanis started obtaining jobs in the lower paying private sector. More and more Omanis were absorbed in the private sector activities like financial

intermediation, real estate, transport and communication, agriculture, fisheries, electricity, gas and water supply etc.

Trend observed in employment and labor market for last decade shows: a) During past three decades substantial employment growth is seen in Oman particularly during the 90's decade. In the first half of the 1990s, employment creation was largely in the public sector for Omanis and in the private sector for expatriates. Since 1995, total employment of expatriates slowed down and Omanis have largely been employed in the private sector. b) Strong economic growth in Oman has produced high rates of employment creation. Between 1990 and 1998 employment growth (for Omanis and non-Omanis) averaged 7.6 percent per year. Most of Oman's employment growth took place in the private sector. From 1990 to 1998 private sector employment in Oman grew by an impressive annual rate of 10.6 percent, whereas public sector employment increased by an average of only 2.6 %. The rapid expansion of employment in Oman has occurred without significant changes in the rate of labor force participation. Between 1990 and 1998 the number of employed Omanis increased by 5.4 % per annum, while that of non-Omanis rose even faster by 9.2 per cent.

Unemployment Scenario : Unfortunately, Oman's statistical authorities do not publish figures for the rate of unemployment in the country. Estimated unemployment figures based on 1993 Census data show that the unemployment ratio of the overall labor force was 4.9% at the time of Census. It amounted to only 0.5% within expatriate lab force while it is 11.9% amongst the Omani labor force. The data shows that 64.9% of the unemployed belonged to those who had never worked before. a) Unemployment in Oman is largely a problem of the inability of young, first-time job seekers to find work in a short time period i.e. unemployment for Omanis show a distinct age profile. Young Omanis – under the age of 25 years have much higher rates of unemployment (from 21 to 88 %) than the rest of the population. b) At each level of education, first time job seekers represent the bulk of the unemployed. For example over 90 % of all unemployed Omani males with a secondary school degree are first time job seekers. c) Unemployment in Oman also seems to be associated with

education. Omanis with preparatory and secondary levels of education have very high rates of unemployment. It also reflects that being young and being first time entrant into the job market initially makes it difficult to find a job. Omani males and females with a university or higher education appear to have little difficulty in finding work. Interviews of Omani respondents reveal that most of the Omani youths enter job market at the end of secondary school education and find it very difficult to get a job. Most of them try first in public sector failing on which they shift to private sector. In last five years, situation is changing as many youths try to upgrade themselves by enrolling to vocational courses. With added skills the chances of employment are higher. Omani respondents further revealed that many locals during initial years accept any job which is offered. But the preference is towards the job with less manual work or with comfortable working conditions. First year is very difficult to sustain and some of them quit the job within few months. Compared to locals, expatriate laborers are ready to work in all sorts of working conditions due to which many times, entrepreneurs prefer employing expatriates than locals. Remuneration package is another issue of conflict. Omanis' prefer public sector job over private sector due to considerable gap between the salaries offered in two sectors. Present salary structure of private sector states two different range of basic minimum salary as per Govt. rules - one for expatriates and other for Omanis based on the observed expenditure pattern of locals and expatriates.

Omanisation Policy: The ratio of expatriate to Omani workers increased from about half in 1975 to one in 1985 and two in 1995. In 1975 there were about 75,000 foreign workers in Oman; at the end of 2002, the number had swollen to 572,887. This was causing disturbance among citizens, which was well reflected at the government level in devising a program of nationalization of labor force. **Omanisation Policy** was introduced in 1988 as a long-term process of committed vision and mission. This is a key development policy influencing the employment scenario of the country. ***Omanisation***

plan is seen as a national objective in order to stop the continuation of the country's dependence on the expatriate manpower by substituting Omani nationals for foreign labor.

Government of Oman in 1988 with the following rationale introduced omanization Policy:

- 1) Positions currently held by expatriate workers could be easily occupied and done by Omani nationals.
- 2) Replacing expatriates with Omani workers would also help reduce public spending on subsidized services (electricity, water, health) consumed by expatriates.
- 3) Substitution of expatriate workers by Omanis would also help to reduce Oman's balance of payments – deficit because workers' remittances –which amounted to US \$ 1.7 billion in 1996 would be lower.
- 4) Substitution of expatriates by Omanis could well lead to increase in domestic spending through the multiplier effect, and thus contribute to faster GDP growth. With this rationale, concrete steps were planned and implemented during fourth (1991-95), fifth (1996-2000) and sixth (2001-2006) five year plans.

The occupations reserved for Omanis under these sectors were:

- a) Specialists: Lawyer, Civil Engineer, Accountant, Legal Adviser, Department Manager
- b) Technician: Primary School Teacher, Nurse, Architectural Draftsman, TV Cameraman
- c) Occupational Worker: Accounts Clerk, General Car Mechanic, General Sales Person, General Leather Worker
- d) Skilled worker: Leather worker, Welder, Typist, Electrician
- e) Limited skilled worker: Newspaper vendor, Machine Operator, Car tyre repair/fitter

Strategic Programs undertaken for effective Omanisation are:

- Ministry ascertains demand for labor by occupation and guide job seekers into specific vocational training tracks. Firms that request new permits for expatriate workers are required by the Ministry

to prepare an Omanisation plan that lays out how they intend to achieve the relevant industry targets.

- Influx Controls on Expatriate Workers: This policy consists of using an overall ceiling on the influx of expatriate workers and allocating work permits to employers in such a way so as to meet the overall ceiling.
- In 1994, Oman also started to impose fees on the hiring of foreign workers. These fees are paid by the employer and set aside for human resources development often referred to as ‘training contributions’.
- Thousands of illegal workers were deported back, many on the grounds of amnesty to create space for citizens.
- Priority in awarding of government contracts to private companies with Omanisation target fulfillment.
- Entrepreneurial development program for Omani youths: SANAD program. Sanad Program is established to work under the supervision of Ministry of Manpower for self -entrepreneurs. Under craftsman and vocational categories, small loans are granted after fulfilling necessary requirements. Some of the major occupations included under this program are; grocery shop (food stuff), vegetable and fruit shops, sale and supply of electrical items, delivery vehicles, sale of fish, butchery shop, car wash etc.

Impact of Omanisation:

Trickle down Effects of Omanisation:

- Since 1995 the policy of Omanization has successfully reduced the share of expatriate workers in both the public and private sector. Between 1995 and 1998 the share of expenditure in public sector employment reduced from 22.3 to 20.8% and in private sector from 85.2% to 81.6%.

Table 8: Omanisation: Targets and Actuals in Selected Economic Activity, 1998

Economic Activity	Omanisation target (%)	Actual (%)
Transport, storage & Communication	60	NA
Finance	45	87.9
Insurance	45	46.8
Real Estate	45	NA
Manufacturing	35	18
Restaurant & Hotels	30	31 (hotels)
Trade	20	NA
Construction	15	NA

Source: World Bank Report, 2000

- During fifth five-year plan Omani labor force increased by about 5.1% compared to 2.3% for expatriate labor force. Omanisation ratio increased in the private sector from 14.7% in 1995 to 16.6% in 2000.
- The Omanisation data in the private sector indicated that sector affected by lowest Omanization were: a) agriculture and fishing b) wholesale and retail trade c) restaurants and hotels d) manufacturing, construction of roads and building e) community and personal service. In these sectors 88% of total private sector employees are employed and 95% of total expatriate workers are engaged.
- Highest Omanisation ratio is observed in the sectors like: a) transport, storage and communication, b) finance insurance, real estate and labor services, c) mines and quarries, d) electricity, water and gas. But these sectors employ only 8% of total private sector employees.

Findings from in-depth interviews with expatriates show that Omanisation is a widely popular phenomenon among expatriates. The common reaction was, 'it is their country and such a policy is good for locals. We know some or the other day we will have to go back. And there is nothing wrong

in it.' Expatriates employed at lower level (semi-skilled) reacted with fear of loosing their job at one hand while skepticism at other hand about Omanis accepting jobs involving hard working conditions with readiness to toil hard for long hours. All respondents reported that ten years down the line Oman could be seen with many locals working at various positions along with expatriates. Existence of expatriates will not go to zero level though it would be reduced considerably.

All Omani respondents expressed their gratitude towards the Sultan for introducing such a policy with a doubt about its success. The fear expressed by them was a) feeling of incapacity/ insurity to take up certain hard-core occupations by the locals like loading-unloading, mining, cleaning, construction etc. b) gap between educational level of expatriates and locals. They opined that working of expatriates is not completely un-welcome. For next few years, the country will need expatriates. For Omanis, expatriates are welcome in a situation where locals are not unemployed and enjoying good standard of living.

Major sectors with Omanisation coverage: Omanisation coverage is varied but substantive in all public sector and Govt. institutions. At the end of fifth five-year plan, Omanisation ratio in the private sector has increased from 14.7 per cent to 16.6 per cent. The achieved ratio is below the set target of 25 per cent as per fifth Five-Year Plan. About 70.6% of the total Omani labor force in the private sector is concentrated in wholesale and retail, restaurants and hotels, agriculture and fishing, transport, storage and communication, financing, insurance, real estate and labor service, mines and quarries. In this situation, it is important to check the structure of labor force in four major private sector establishments; oil company, commercial banks, insurance and hotels. Among the four major private sector establishments, coverage of Omanis in banking sector is referred as the success story of Omanisation. In 1991 there were 74.9% of Omanis while at the end of 2002 the coverage gone up to 87%. National Oil Company (PDO⁵) is also ahead in achieving the Omanisation targets. Compared to these two establishments Insurance and Hotel sector is slow in Omanisation. One reason for hotel

⁵ PDO: Petroleum Development Organisation

sector may be the nature of job involved, which demands specific skills and /or readiness to work in non-comfortable work situations. Insurance sector is a growing sector with certain religious and cultural taboos associated with it. Latest Sixth Five Year Plan (2001-2005) had revised targets of Omanisation to be met by Private as well as Public sector.

Summary Findings: Omanisation, Employment and Migration:

Omanisation Program or the localization policy of Oman has influenced the various aspects of economy in some or the other way. These effects can be classified as:

Impact on Oman's Economy: Unemployment in Oman is mostly confined to first time job seekers. As maximum youths enter job market after completing secondary level schooling, age at entry in the job market is between 15 to 20 yrs. At this young age, most of the Omanis find it difficult to get the job that is without professional or vocational knowledge. It is also seen that, most of these youths are absorbed in the job market by the time they cross 25 years of age. There is very low level of conformity between labor market needs and educational system output. Many times employers refrain from employing Omanis due to their inadequate technical and vocational expertise. While sometimes preference is given to expatriate labor force due to differentials in wage and allowances and readiness of the employee to work under any situation. False representation through rent seeking activities also exists in Oman. Some times, Omani nationals register themselves as 'self employed'. In fact, these Omanis merely sponsor expatriate workers who run businesses on behalf of their Omani sponsor for a fee. This may lead to a misreporting of the employment figures as Omanis who are reported as self employed do not really work, and expatriates who are classified as salaried workers are in fact the actual managers of businesses.

Impact on Migration: Demand for expatriate labor in coming years will be affected by growth of the economy, creation of new jobs and the force with which Omanization plan will be implemented. Though percentage of expatriates is declining, the actual number is on rise. For e.g. in 1996 there were 27.64% (612000) migrants compared to 25.98 % (624000) in the year 2000. Statistics shows decline in the proportion of expatriate labor population. The occupations that are currently under strong Omanisation drive are replacing migrants for Omanis. These migrants mostly belong to South Asian countries. In such a case, return migration or migrating further to some other gulf country is the available option. Present Omanisation program is targeting neither highly skilled occupations nor unskilled and hazardous occupations. For both the categories, the country will have to depend on expatriates for few more years till locals get ready to work in these occupations. Educational enhancement and change in mind set are two essential factors in determining scope of Omanisation in these occupations. Change in mind set will help Omanis to enter and sustain into private sector employment without limiting themselves only to white collar jobs. It is possible that for the next few years government may not force Omanisation of certain unskilled and hazardous occupations like quarry work, domestic work, cleaning jobs, for which, expatriates will be welcomed. Omanisation campaign may cause a state of confusion and insecurity among expatriate labor force. Government of Oman will have to come up with certain strategy by which an atmosphere of mutual interest will be maintained because, expanding economic activities aim at providing gainful employment to locals as well as fulfilling remaining needs through expatriates. In future, the demand for foreign workers particularly for Asians will depend on several factors like:

- a) number of young nationals entering the labor market and the effect of localization of labor markets (mainly due to govt. regulation.)

- b) capacity of Oman's economy to generate new jobs.
- c) Development of local based vocational training and skill imparting courses.
- d) Reducing the gap between needed and available skills of locals.

Impact on Local Population: Primary data notes that Omanisation campaign was wholeheartedly welcomed by local people. All the interviewers reported that this program is sincerely working towards betterment of local people. Being a long-term process, timely evaluation of the program helps to revise its goals and strategies for further improvements. At the same time one should not overlook the fact that more than 80% of labor force in private sector is still non-Omani. It is important to stress on key issues for further success of the program. These key issues are: a) spread of education all over the country b) expansion of higher education (post secondary level) at affordable price and at various centers in the country c) expansion of skill based vocational activities at various centers in the country d) concrete efforts to change the work culture to suit the job requirements. e) Government should take steps to reduce the gaps between the wages paid in private sector and public sector. This will motivate many locals to take up job in the private sector.

Conclusion:

Economics of gulf prosperity is the result of development through economic liberalization where development is counted by the purchasing power and not by mere wealth accumulation. Immigrants are welcomed here as contributor to the economy by working as well as by spending. Localization policy seeks to ensure gainful employment to locals and reduce dependence on foreign labor. International migration thus becomes an important economic and social issue in Gulf countries. Labor receiving countries like Oman rely on immigrants for the functioning of their economy while labor sending countries like Pakistan, India, Sri Lanka, Bangladesh count on remittances as an essential source of foreign exchange. Current localization policies in Gulf countries play key role in deciding future migration trend by reducing unemployment among locals and not complete replacement of expatriates by locals. With continuous expanding economic activity and small base of national

population, it may be possible that total available jobs are more than available local population in productive age where expatriates will be welcomed in selective occupational areas from selective countries. The country might face labour crisis as due to the fast expanding economic activity, the demand for the labour may be much higher than the supply of labour by the domestic market.

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