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Research Report

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Vocational Education for Industrialisation. The case of Oman in a regional perspective.

Margarita Langthaler

As part of its 2040 Development Strategy, the Sultanate of Oman aims at industrial diversification. This shall allow the country to overcome its dependence on petroleum exports and to create employment for its fast-growing population. The development of a sustainable system of technical and vocational education and training (TVET) plays a key role for the advancement of an industrial sector that is currently locked into a low skill-low productivity vicious circle. Despite important socio-economic disparities, there are also substantial similarities in the social and cultural patterns of skills development in the countries of the Arab World. The case of Oman might therefore offer valuable insights in a regional perspective.

Introduction: Oman's impressive development process

Oman has experienced a striking development process throughout the last fifty years. In 1970, when Sultan Qaboos Ibn Said came into power, the widely agrarian country accounted for only three schools (Al-Najar 2016). Today, Oman is a high-income country with high participation rates in education.

The foundation of this rapid socio-economic development process has been an economic model based on the oil exporting industry and the massive deployment of low-paid foreign labour. The political system of an absolute monarchy with carefully orchestrated internal power balances has turned out to secure a high degree of political stability. Given restricted possibilities of democratic participation for the population, the legitimacy of the political system has also been supported by compensatory distributive, though stratifying, social policies.

A series of socio-economic factors are putting this development model at risk. Demographic pressure and dwindling oil resources are increasingly limiting distributive policies. In the aftermath of the financial crisis in 2007/08 and the decline in oil prices, rising unemployment rates especially among the youth resulted in social unrest. This was additionally fuelled by the democratic aspirations of the Arab spring movements in 2011.

In response, the government elaborated the development strategy "Vision 2040" aiming at industrial diversification and at the establishment of a knowledge-based and technology-driven economy. In the context of the aspired changes in the economic structure and the labour market, the government considers the development of a highly skilled Omani workforce of key importance. While TVET used to play a

rather marginal role within the education sector, government attention has been increasing rapidly. However, a number of challenges in the TVET system and the wider skills formation regime have hindered the emergence of a vibrant skills development culture so far.

The labour market context and the national skills formation system

The Omani skills formation regime is substantially shaped by the socio-economic context it is embedded in. Four factors appear to determine this context: a) the dominance of the petroleum-related state-run industry; b) high reliance on immigrant workers, in particular in the industrial private sector. This immigrant work force receives lower wages and is subject to different work regimes than Omani nationals; c) a tradition among Omani nationals to prefer employment in the government sector; and d) relatively high youth unemployment rates among Omani nationals. Consequently, a high share of economic activity is based on low-wage immigrant labour. In terms of skills formation, this means that most of the medium and high skill labour demanded by industry are imported from foreign countries.

Table 1: Employment per sector and nationality, 2019, total numbers

	Government Sector	Private Sector	Family Sector	Total
Workers	237,363	1,626,288	294,156	2,157,807
Omani	202,893	262,333		465,226
Expatriate	34,470	1,363,955	294,156	1,692,581

Source: own compilation, based on NCSI 2020 (Statistical Year Book)

To counter high unemployment rates, the government has been reinforcing the “Omanisation policy” first introduced in the 1990ies. This policy aims at gradually substituting the expatriate workforce with Omani nationals by requiring companies to employ a determined quota of Omani workforce in particular sectors (e.g. 35 % in the manufacturing sector). Omanisation has been controversially debated since companies tend to employ Omanis in low skilled positions (e.g. drivers, security officers) or as ‘ghost workers’ (paying Omanis, but not expecting them to attend work). In addition, critics see quota systems as a distraction from structural economic reforms while having a negative impact on productivity (see Ali et al. 2017 for a literature review in the GCC context). Results are considered to be mixed at best. Indeed, although the number of expatriate workers has slightly declined over the last two years from its peak at 1,832,072 in 2017 to 1,692,581 in 2019, it almost doubled from 979,242 in 2010. Its share in the private sector slightly rose from 82.91 % to 83.87 % respectively (NCSI 2020: 107-108). In the manufacturing sector, the share of immigrant workers amounted to 85.90 % in 2019 (ibid.: 118).

As for skills levels, the group of limited skills workers is by far the biggest of all employees in the private sector (51.68 % of total workforce in 2019). Among these, 91.65 % are immigrant workers (ibid.:121). This does not indicate strong dynamics either of technological upgrading or of skilling. Rather, it appears that the private sector is still relying on low skills and low productivity patterns. In terms of skills formation dynamics, this has significant distorting effects, as will be discussed in more detail below.

Following the beginning exploitation of petroleum in Oman, modern TVET provision started in the 1970s. Since then, the government has undertaken several efforts to improve and reform the national TVET system. In 2015/16, it established a three-pronged system comprising diploma courses, apprenticeships schemes and short-term training courses. In recent years, a great number of private training institutes have emerged to complement the public TVET provision (General Secretariat of the Education Council 2021).

As is the case in many other Arab countries (see below), the national TVET system trains only small numbers students and generally suffers from low social esteem compared to general academic education and technical education at colleges. In 2016, public TVET institutions enrolled 2,482 students in the vocational diploma pathways, 34 in apprenticeships and 1,199 in training courses (MoM n.d.). By contrast, the colleges of technology accounted for 40,000 students (General Secretariat of the Education Council 2021).

As in many neighbouring countries, the Omani institutional context is fragmented. TVET as a part of formal education responds to the Ministry of Manpower (MoM) and so do the Colleges of Technology. MoM is also responsible for the accreditation and supervision of private training institutions. The Ministry of Education (MoE) and the Ministry of Higher Education (MoHE) are the competent government bodies for the general and the higher education system, respectively. In 2012, the Education Council was established

to strengthen the alignment between the different education sub-sectors. The Education Council is responsible for drawing up education policies at all levels.

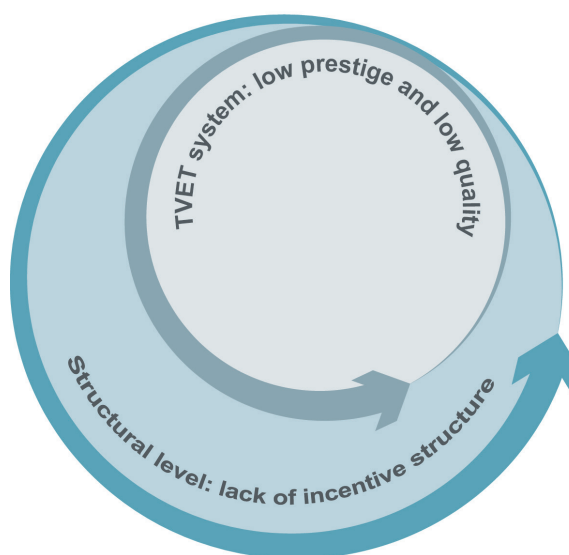
In 2011, in an effort to systematize TVET and to align it with labour market needs, the Occupational Standards Center was founded to elaborate national occupational standards in cooperation with the respective industries. Sector Skills Councils are supposed to improve the involvement of the private sector in the definition of curricula. In 2016, the National Training Fund was introduced to step up Omanisation and to match employment-seeking Omanis with companies through the funding of specific training provided by private institutes.

To sum up, while well designed the Omani TVET system plays a rather marginal role compared to general education. It is widely school or college-based, while company involvement in initial training and in TVET policy is scarce. The biggest part of technical and vocational skill formation takes place in the multitude of private training institutes and at the colleges of technology.

The challenges

Two sets of challenges appear to frame skills formation dynamics in Oman. They are interlinked and mutually reinforce each other. The first one is related to the labour market context, the other refers to the education and TVET system itself.

Figure 1: Two interconnected set of challenges framing skills formation dynamics in Oman



Source: Own compilation

At the **structural level**, there is a lack of an incentive structure. Firms prefer to employ migrant workers to Omanis since in their view they accept lower wages, are more motivated, and better equipped than their Omani counterparts. Given the availability of cheap expatriate labour, employers do not need to develop much interest in skills formation for neither group of employees.

Combined with a system of social allowances and legal protection for Omanis, the availability of low wage immigrant workers has created a dual labour market with different standards of wages and working conditions for the two groups. Against this background, Omanis have little motivation to seek employment in the private sector. The dual labour market also entrenches weak work ethics, low commitment and a negative attitude towards manual labour among Omanis. Omani youth still perceive employment in the private sector as second choice compared with the government sector due to higher salaries and favourable working conditions in the latter (Ali et al. 2017).

Given these circumstances, driving forces for the emergence of vigorous skills formation dynamics are weak.

As for the **inner circle**, challenges at the level of the TVET system can be summarized as (1) little private sector involvement at various levels; (2) low quality; (3) weak coordination among stakeholders at various levels; and (4) low social recognition of manual labour and TVET.

Quality issues point to shortfalls in the general education system in terms of conservative teaching methods and a low number of hours of instruction that result in weak foundational skills of school graduates and negatively affect any type of subsequent education or training (Al-Najar 2016). At the level of TVET provision, a major shortcoming is the lack of work-based learning opportunities for both students and TVET instructors. In addition, the quality of private training institutes, which account for the bulk of training provision, is perceived to be mixed (Gonzalez et al 2008). Government capacity to supervise the private training sector in terms of quality assurance and standardisation is limited.

For reasons indicated above, the private sector is rather reluctant in providing training. In addition, efforts to coordinate private stakeholders with TVET providers and government agencies at the policy level have had limited results so far. One reason for this is that business associations, which often assume the role of broader stakeholder coordination, are very weak, especially in the manufacturing sector.

These two sets of challenges at the structural and the policy level respectively act like mutually reinforcing circles impeding the emergence of an effective TVET system and a dynamic skills development culture in Oman.

TVET in a regional perspective

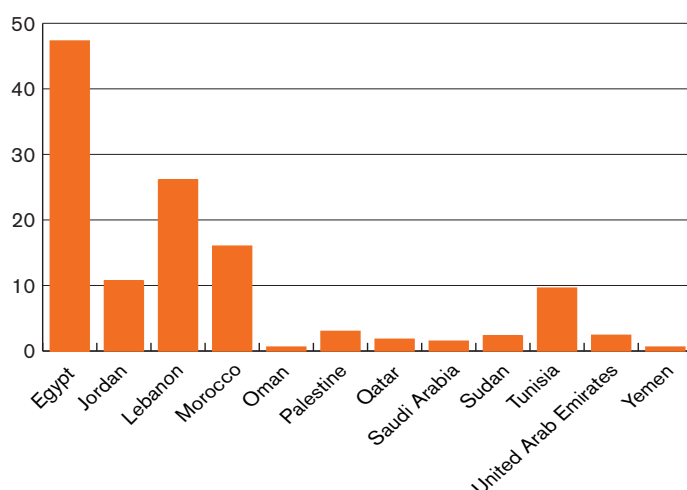
The socio-economic contexts vary significantly across the Arab region. The members of the Gulf Cooperation Council² have oil exporting rentier economies characterised by high per capita GDPs and strong inward labour migration. By contrast, most of the other countries in the region are classified as middle-income countries³ based on service-oriented and to varying degrees manufacturing industries. A shared characteristic are more or less extended informal labour markets. While outward migration and remittances play a role, some of these countries (e.g. Lebanon, Jordan) also

experience significant migration inflows, which put pressure on the low-skills segment of their national workforce (Ministry of Education and Higher Education Lebanon, n.d.). Countries such as Iraq, Syria, Libya and Yemen suffer from years of war and instability. The Palestinian territories represent a particular case. Their socio-economic context is framed by a decade-long occupation, resulting in particularly high shares of micro-enterprises and informal labour (Hilal 2019). Many countries in the region (e.g. Lebanon, Jordan) have also repeatedly had to deal with significant numbers of refugee populations from neighbouring countries (e.g. Palestinians since 1948; Iraqis since the 1990s; Syrians since 2011) and African migrants on their routes to Europe (e.g. the Northern African countries).

Yet, there are also important parallels that lead to similar patterns of skills dynamics and common challenges faced by the national TVET systems in the Arab region. McLean and Fief (2017) point to high youth unemployment rates, especially among females, a significant youth bulge, which is expected to grow considerably within the next few years, and the mixed quality of general education systems, which results in weak foundational and transferable skills among youth. Despite diverse socio-economic contexts, the provision of public sector jobs is considered part of the traditional social contract. While the democratisation movements of the 2011 Arab Spring have questioned the latter, the continued weakness of the private sector to create decent work prospects still provides ample ground for youth to aspire to public rather than private sector jobs (UNICEF/ILO 2016: 12).

Across the Arab region, TVET is still perceived as the inferior educational pathway, suitable for those students who fail in general education (UNICEF/ILO 2016). In some countries, like in Oman, TVET does not exist as an eligible pathway at the level of upper secondary education. Generally, participation in TVET is low, as set out in figure 3. Exceptions to this are Egypt and Lebanon.

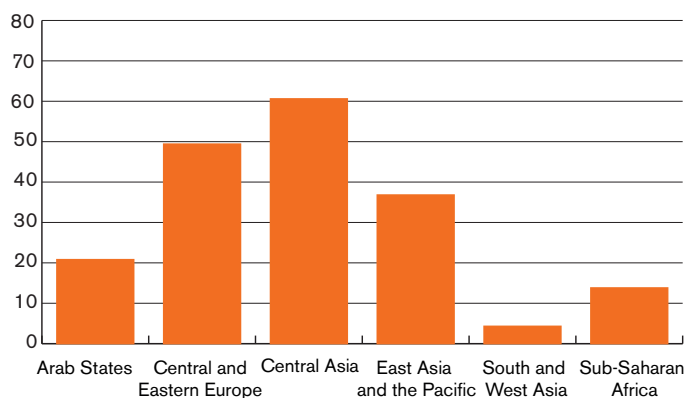
Figure 2: Share of students in upper secondary education enrolled in vocational programmes in selected Arab countries, %, year 2019⁴



Source: UIS statistical database⁵

In regional comparison, participation in TVET programmes in the Arab countries is lagging behind other regions (see figure 3 below).

Figure 3: Share of students in upper secondary education enrolled in vocational programmes in selected world regions, %, year 2019⁶



Source: UIS statistical database⁷

Another similar feature is the perceived low quality of TVET provision. Compared with other parts of the world, Arab countries invest little in workplace training (McLean/Fief 2017: 200), which leads to weak technical skills and poor curriculum alignment with labour market requirements. Most countries also exhibit considerable fragmentation at the level of governance. Different ministerial bodies are responsible for parts of the TVET system and cooperation between them tends to be weak. At the level of provision, private training institutions cover an increasing share of TVET in most countries. Often, their regulation and supervision by government bodies is insufficient. Another common feature points to limited involvement of private sector companies in provision and governance of TVET (UNICEF/ILO 2016; Ministry of Education and Higher Education n.d.; Horemans/Hilal 2017).

However, as a UNICEF/ILO Report (2016: 12) points out, disconnect between education/TVET and employment is not the only reason for the low employability of and high unemployment rates among Arab youth. Rather this disconnect is intertwined with structural constraints of the national economies to create jobs, which in turn explains, at least partially, the low quality and lack of social esteem of TVET as an educational pathway.

Conclusions and ways forward

As the example of Oman shows, one has to consider the bigger picture in order to understand national skills dynamics and the perceptible weaknesses of TVET. Functional and policy issues at the level of TVET systems are intertwined with structural constraints related to the socio-economic context. It might be tempting to focus reform strategies on TVET alone, since structural reforms may touch upon sensitive political issues. However, reforms at the level of the

education and TVET system will lack effectiveness in the long run if the structural level remains unaddressed. Rather, reform strategies need to encompass comprehensive sets of systemic measures going beyond the education and TVET sector.

In some countries in the Arab region, in particular the GCC member states, unblocking national skills dynamics will require the creation of an effective incentive structure motivating the private sector to invest in skills and technology. This implies the alignment of working conditions, labour laws and wages for the immigrant and the national workforce. Moreover, the gap between public and private sector in terms of career attractiveness should also be reduced.

In other Arab countries, structural reforms aiming at job creation and decent wages for TVET graduates are required to overcome the deeply embedded stigmatisation of TVET.

At the level of the education and TVET system, reforms in most of the Arab countries should include the following:

- Improvement of the public TVET system by establishing linkages with enterprises, strengthening work-place learning components and improving teacher training;
- Improvement of TVET governance through better coordination of involved public administration bodies and closer cooperation with business associations and the civil society.

In addition, since collective skills formation is much more a societal than a technical endeavour, a broad social dialogue on decent work and the skills required therefore has to be part of reform efforts. Such a dialogue should include not only the government and the private sector, but also importantly the employees' side. This may not only help to ensure the relevance of TVET, but it is also key to positively affect the social value of TVET.

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1 See: <https://www.2040.om/en/>

2 Members of the Gulf Cooperation Council (GCC): United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait and Bahrain.

3 e.g. Jordan, Lebanon, Egypt, Libya, Tunisia, Algeria, Morocco. See <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-of-ODA-Recipients-for-reporting-2020-flows.pdf>

4 Data for Sudan and United Arab Emirates refers to 2017, for Tunisia and Yemen to 2016.

5 <http://data.uis.unesco.org> (12/02/2021)

6 Data for Sub-Saharan Africa refers to 2018.

7 <http://data.uis.unesco.org> (12/02/2021)



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