



A'SHARQIYAH UNIVERSITY  
College of Business Administration

Master Dissertation  
**Investigating the Impact of Omanization In The Small And  
Medium Enterprises In The Sultanate Of Oman**

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Medium Enterprises In The Sultanate Of Oman**

Submitted to the College of Business Administration in fulfilment for the  
Master of Business Administration.

Prepared by:

Hamood Abdullah Hamood Alhabsi

## Dissertation Approval

Dissertation Title

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### **Acknowledgment**

I acknowledge that the source of the scientific content of this dissertation has been determined and that it is not provided for any other degree, and that it reflects the opinions of the researcher which are not necessarily adopted by the donor.

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### **Dedication - thanks and appreciation:**

The Almighty said (And whosoever is thankful, he is only thankful for himself)

And His Noble Messenger said (He who does not thank, people do not thank God Almighty)

Oh God, praise be to you and thank you to the heavens and the earth for what you have honored me with in completing this study, which I hope you will be pleased with.

Then I would like to extend my thanks and appreciation to:

Dr. Abdul Hakim Mohamed, may God preserve him and prolong his life, for his kindness in supervising this study and providing advice and guidance until the completion of this study.

Honorable members of the discussion committee: Dr. Mesida is an external debater, Dr. Fadi Abdel Munie Abdel Fattah is an internal debater, and Dr. Elias Shahda is an internal debater, may God preserve them, for their kindness to discuss this study.

To my mother and my wife, may God preserve them and prolong their lives for their advice and encouragement.

Researcher

Hamood Al-Habsi

## Contents

Abstract.....	2
Chapter One:.....	3
1.1 Introduction.....	3
1.2 Research problem.....	4
1.3 Research objectives.....	4
1.4 Research questions.....	4
1.5 Research significance.....	5
1.6 Conclusion.....	5
Chapter Two: Literature Review.....	5
2.1 Introduction.....	5
2.2 Literature review.....	4
2.3 Conclusion.....	7
Chapter Three: Research Methodology.....	9
3.1 Introduction.....	7
3.2 Research method.....	10
3.3 Data collection tool.....	9
3.4 Population.....	9
3.5 Location.....	9
3.6 Sampling strategy.....	11
3.7 Instrument (survey) design.....	10
3.7.1. Questionnaires.....	10
3.8 Data collection.....	11
3.9 Ethical consideration.....	13
3.10 Statistical treatment/methods of data analysis.....	11
3.11 Conclusion.....	11
Chapter Four: Data Analysis:.....	13
4.1 Introduction.....	13
4.2 Study findings and discussion.....	13
4.2.1 Study results and discussion.....	13
4.2.2 Demographic data.....	14
4.2.3 Pearson correlation coefficients.....	34
Chapter Five:.....	44
5.1 Conclusion.....	44
5.2 Limitations, recommendation and future direction.....	44
5.2.1 Recommendations:.....	44
5.2.2 Direction for future research:.....	45
References.....	47

## List of tables and Charts

Table 1 and Chart 1 The Gender.....	14
Table 2 and Chart 2 The Age.....	15
Table 3 and Chart 3 Length of experience .....	16
Table 4 and Chart 4 Position and responsibilities .....	16
Table 5 and Chart 5 Nature of business .....	17
Table 6 and Chart 6 Company employees number .....	18
Table 7 and chart 7 number of omanis in the company .....	19
Table 8 and Chart 7 Omanisation started in the company.....	20
Table 9 and Chart 9 increase the percentage of omanization.....	21
Table 10 and Chart 10 programme to increase the competencies of Omanis.....	22
Table 11 and Chart 11 Encourage the idea of Omanisation.....	23
Table 12 and Chart 12 Negatives in the application of compulsory Omanisation .....	24
Table 13 and Chart 13 the benefits of Omanisation .....	25
Table 14 Statistical analysis of the second statement Impact of Omanisation in the labour market .....	26
Table 15 and Chart 15 The industrial climate .....	27
Table 16 and Chart 16 government encourage to establish SMEs units in Oman .....	28
Table 17 and Chart 17 government support through special agencies that help provide financing .....	29
Table 18 and Chart 18 government support through special agencies that help facilitate licensing.....	30
Table 19 and Chart 19 government support through special agencies that help in facilitating quick and easy registration procedures.....	31
Table 20 mean and standard deviation of governmental support on SMEs .....	32
Table 21 Tool stability .....	33
Table 22 Cronbach's alpha .....	34
Table 23 A Table 23 Correlation for the first hypothesis.....	35
Table 23 B Table 24 Correlation for the second hypothesis .....	35
Table 23 C Table 25 Correlation for the third hypothesis .....	36

## List of abbreviation

<b>Abbreviation</b>	<b>Explanation</b>
<b>SMEs</b>	<b>Small and Medium enterprises</b>
<b>NCIS</b>	<b>Oman's National Centre for Statistics and Information</b>
<b>RIADA PASMED</b>	<b>Public Authority for the Development of Small and Medium Enterprises</b>
<b>RIE</b>	<b>Rusayl Industrial Estates</b>



## **Abstract**

The world is witnessing an acceleration of changes and developments in various fields, and the Oman government has made great effort to encourage all Omanis to work to develop the economic liberalisation and modernisation in all sectors of the country.

**Purpose:** assess the impact of Omanisation on small and medium enterprises (SMEs) in Oman, investigate the impact of Omanisation in the labour market, and examine the impact of governmental support for SMEs.

**Design and Methodology:** This research adapted exploratory sequential approach to investigate the domain of this research. Hundred and six workers were invited to filled survey questionnaires, distributed via Google Drive document. SPSS software version 20 were used for data analysis using the descriptive and inferential statistics.

**Findings:** Increased percentage of Omanisation in SMEs, increased number of workers in small and medium enterprises, existence of programmes to develop Omani competencies, impact of application of compulsory Omanisation and its consequences in the increase of customer complaints and the decrease in profits, decreased unemployment, significant impact of government support through encouraging and providing facilities and loans in implementing the Omanisation policy in SMEs.

**Keywords:** Omanisation, small and medium enterprises, research, method, labour market, Oman, governmental support, SMEs.

Chapter One:

## **1.1 Introduction**

The world is witnessing an acceleration in changes and developments in various economic, social, technological and political fields, which makes future visions unclear. To face these challenges and difficulties, it was necessary to create a business and economic environment characterised by diversity and innovation for this purpose (Department of Economic and Social Affairs 2019).

According to a statement by His Majesty Sultan Qaboos bin Said, may God have mercy on him, attention is needed to refine education, scientific skills, and youth experiences, in addition to create a stimulating environment, as young people are a tool to move society, in order to advance the Omani march in various fields. A directive came from His Majesty Sultan Qaboos in 2002 – may God rest his soul – that there is need to pay attention to the quality of general, vocational, technical and higher education in order to prepare national manpower and initialise it in various economic sectors and that there is a need to link education outcomes with the demands of the labour market on the workforce. In addition to His Majesty's assertion that the private sector is the first source of job opportunities for the national forces (<http://www.sultanqaboos.net/art/s/82/->). Examples include the establishment of the Public Authority for the Development of Small and Medium Enterprises (RIADA) by a royal decree from the late, God willing, Sultan Qaboos, number 36/2013, which undertakes the task of promoting the sector of small and medium enterprises and enhancing its role in developing the national economy by providing an integrated set of training, technical and consulting services.

Sultan Haitham was also interested in Omanisation and gave his direct orders. His Excellency the Minister of Finance, under the direction of Sultan Haitham bin Tariq, issued a financial circular, no. 14/2020, to all government companies regarding the Omanisation policy and its replacement with national efficiencies. The Ministry of Finance circular included the fact that companies are an attractive and stimulating environment to accommodate Omani job seekers. The companies called for the

necessity of expediting the replacement of expatriates, according to a specific timetable to be implemented as soon as possible.

In this study, the researcher will try to shed light on the role of small and medium enterprises in absorbing the national workforce and the extent of its success in achieving the required Omanisation rate of the government.

## **1.2 Research problem**

The Omani government noticed the remarkable increase of the non-localised workers, and therefore there was great encouragement and support for more young Omanis in industrial occupations in construction, wholesale/retail, and tourism and hospitality sectors. However, those young Omanis faced problems in entering jobs owing to a lack of higher education and lack of practical work experience compared to other expatriate labourers working in similar positions. Moreover, expatriates can work with lower salaries than Omanis (NCIS March 2016). The government worked to increase the numbers of young people entering both skilled and semi-skilled occupations in these sectors, which is a key aspect of the sultanate's sustainable development agenda. Oman's National Centre for Statistics and Information (NCSI 2019) has emphasised that by May 2019 the percentage of Omani employees increased by around 5% more in Oman's private sector than in 2018.

## **1.3 Research objectives**

This paper intends to shed light on the followings:

- To assess the impact of Omanisation in small and medium businesses in the Sultanate of Oman. What is the impact of the Omanisation proportion in SMEs?
- To investigate the impact of Omanisation in the labour market. What is the impact of Omanisation in the labour market?
- To examine the impact of governmental support for SMEs. What is the impact of governmental support on SMEs?

## **1.4 Research questions**

This section is structured on answering a number of questions relating to the impact of Omanisation in the small and medium businesses.

- What is the impact of the Omanisation proportion in SMEs?
- What is the impact of Omanisation in the labour market?
- What is the impact of governmental support on SMEs?

## **1.5 Research significance**

There were remarkable changes and developments in various sectors in Oman, especially in the economic field, with good effort and great direction from His Majesty Sultan Qaboos – may God rest his soul (Yoel 2018). Moreover the statistics showed that there was a dramatic increase in the number of the Omani employees, around 4.8 per cent between 2018 and 2019 (NCSI 2019).

## **1.6 Conclusion**

In this chapter the researcher gave an introduction about changes and developments in various sectors in Oman, especially in the economic field, with good effort and great direction from His Majesty Sultan Qaboos – may God rest his soul. Also, the Omani government encouraged Omanis' Omanisation. This study was directed at analysing the impact of Omanisation in the small and medium businesses in the Sultanate of Oman, and there are three main themes that were developed. The next chapter is the literature review.

## **Chapter Two: Literature Review**

### **2.1 Introduction**

Small and medium enterprises (SMEs) is another term that can be defined here. In general, according to the references, there are difficulties in using a unified definition for small and medium enterprises (SMEs), because each country has its own definition based on defining SMEs by some of its constituents (Ardic et al. 2011). However, the size criterion of number of employees and economic criterion of annual turnover and the summation of economic can help to differentiate SMEs from large enterprises

(Berisha and Pula 2015). SMEs are considered the backbone of the labour market (Khan 2014).

Through various plans and policies, the Sultanate of Oman encouraged the development of business of the non-oil sectors in order to reduce reliance on oil and increase the number of Omanis in all workforces (Oman Vision 2020). His Majesty Sultan Qaboos bin Said (may God rest his soul) emphasised varying the national economic base and income resources, improving Omani workforce skills and developing human resources (Oman Vision 2020). To strengthen this principle, the Public Authority for Small and Medium Enterprises Development (PASMED) was established, which works on encouraging young entrepreneurs and aiding them in all necessary fields, such as technical, financial, training, marketing and management and others (Oman Vision 2020).

SMEs play a vital role in job creation and wealth generation of countries; moreover, SMEs are involved in various business sectors, for example distribution, manufacturing, trading, processing, services, import-export, retailing, rental (Khan 2014).

The Oman government in Vision 2020 lays out a roadmap for developing and diversification from oil and the private sector (Al Rahbi 2017), as well as training and education of youth. Omanisation in all sectors was also emphasised; however, Omani workers occupied only around one-third of total jobs, and 15 per cent out of the 30 percent of Omani unemployed were youth (Buckley and Rynhart 2011). For the purpose of this study, an in-depth literature review of articles was conducted to investigate the problem.

## **2.2 Literature review**

This study focused on rising Omani youth unemployment despite Omanisation and higher educational attainment; the new unemployment challenge: under-/unemployed higher education graduates; Oman and global labour arbitrage; re-aligning Omanisation with knowledge worker segments; Omani SMEs: current and comparative contexts; and important growth drivers in Omani medium-sized firms. The researcher used a research and analytical style to investigate the problem.

According to the authors, the government is committed to hire Omanis in large local businesses along with SMEs, and also as part of existing future arrangements for Omani employers. However, Omani nationals as business owners prefer to employ expatriate over national workers at all education levels. Additionally, the opinion is that Omanis college graduates lack work knowledge, skills and training necessary to assume jobs. Preferring expatriate hiring generates another challenge, which is low labour costs for national or non-national workers, which in turn has become a common business strategy held by Omani company owners and managers (Ansari and McGlade 2018).

According to Ansari and McGlade (2018), even the government sector, especially in light of the recent world oil prices crisis, shows the same picture of Omani employment. The youth group (age 18–29 years) constituted one-quarter of the total workers in the Oman government sector, which encompasses almost 85% of all national employment, around 43% of young people working in the private sector and only 25.6% of the total Omani youth unemployment (NCIS March 2016). It still remains out of balance with employer preferences for importing foreign professionals (NCIS March 2016).

Another study conducted by Al Buraiki and Khan (2018) examined the difficulties faced by SMEs and investigated the difficulties facing SMEs when adopting new technologies. The study also inspected the challenges faced by SMEs due to policies and procedures. Purposive sampling methodology was used and the researchers used a well-defined questionnaire. Two hundred fifty-seven samples were collected from all over Oman and the gathered data was collected, compared and analysed by using Chi-square tests, Kolmogorov–Smirnov tests and regression analysis. According to the authors, most of the SMEs' business was delayed as a result of lack of finance and they were in need of technical support and IT infrastructure establishment.

Ali et al. (2017) directed the study "Employment in the private sector in Oman: Sector-based approach for localization". The researchers used both qualitative and quantitative analysis to conduct the research. The study purpose was to investigate the factors impeding Omanisation policies in the three selected sectors in the Omani economy and discovering the source for the differences created between the graduates and the jobs available. An interview was used to collect the data from the government officials, employers of expats in the private sector, unemployed Omani youth and employees from Muscat, Sohar and Salalah. According to authors there was a lack of coordination

between government and the private sector in the formulation of Omanisation policies, which led to an increase in the number of non-Omani workers in the private sector, accordingly increasing the difference between Omani job seekers and job availability in the selected sectors.

Al Bulushi and Bagum (2017) conducted quantitative and qualitative research designed to collect data from a total of 250 respondents to a questionnaire, and twelve interviews were included in the study. The quantitative collected data was analysed by using SPSS for the data analysis and descriptive tests, and the T-test was applied to the collected data to check the issues and challenges that SMEs of Oman were facing while developing their growth strategies. Interviews were used for data collection of qualitative research data. The aim of the study was to define the growth strategies of SMEs in Oman, issues and challenges. The authors proved that the SMEs of Oman were facing issues and challenges in developing and implementing their growth strategies.

Christina et al. (2014) directed the research "Challenges and Barriers Encountered by the SME Owners in Muscat". The study used a simple random sampling method to collect data, using a structured questionnaire, to collect data from 35 SME owners. The data were analysed by using descriptive statistics and ANOVA and represented in tables. The study revealed that most of the SMEs faced challenges related to the policy and administrative challenges and marketing and financial issues.

Al-Maskari et al. (2019) conducted the research "Internal and external obstacles facing medium and large enterprises in Rusayl Industrial Estates in the Sultanate of Oman". The researchers conducted a survey to investigate both internal and external obstacles, compared to larger enterprises. Forty-two enterprises from Rusayl Industrial Estates (RIE) were included, and the data was collected by using a structured questionnaire which was distributed to the selected originations. The survey discovered that medium enterprises reported more obstacles, both internal and external, compared to larger enterprises. Among a variety of external barriers are the lack of raw materials, lack of skilled workers, visas for foreign workers, and the high interest rate of business loans, which are at the top of the list. The most significant internal obstacles are competitive pressure in the market, difficulty of external marketing, high labour cost and high operating cost. Some challenges, such as lack of skilled workers and difficulty getting visas for foreign workers are common to medium and large enterprises alike. The study

emphasised the need for strategic intervention by regulatory agencies primarily aimed to mitigate the various challenges and provide a conducive environment for enterprises to develop.

## **2.3 Conclusion**

This chapter was directed at getting deep insight into Omanisation in the small and medium enterprises and the problems faced with hiring local workers. Different plans and policies were followed to encourage development of small and medium businesses and increase the number of Omani workers; however, there were many obstacles faced. Omani college graduates lack work knowledge, skills and training, and there are higher costs, in comparison to the non-national workers. There are also other problems such as lack of finance and lack of coordination between government and the private sector, leading to delayed growth of the SMEs business. The next chapter is Research Methodology.

## **Chapter Three: Research Methodology**

### **3.1 Introduction**

This chapter will discuss the design philosophy adopted to conduct this research. It will take into consideration the accepted format and steps that should be clarified before committing to the research. This chapter will also discuss the sample, instrument design and expected statistical analysis approach. The chapter is expected to position the steps and clarify to both readers and the researcher the overall roadmap that should be followed to effectively conduct this research.

There are various definitions for research methodology. They discussed study design, sample, data collection or measurement method and data analysis. In order to answer a research question (Schmidt and Brown 2009). Walter (2006) stated that methodology needed to set up a frame for the research in which the researcher answers the study "paradigm" or hypothesis. Moreover, research methodology has impact on the study, as it helps to run the research with a particular systematic method, procedures or tools used



for collection and analysis of data (Mackenzie and Sally Knipe 2006). In the research methodology chapter, the researcher explains what will be done and how it could be done, which will let readers evaluate the reliability and validity of the research. Methodology should include research type, the research method and why it has been used, the data collection tool, how the data will be collected and how it will be analysed (Fain 2009).

The methodology of research differs depending on the objectives and different methods of collecting and analysing data, either quantitative or qualitative methods. Quantitative research helps to create generalisable facts about a topic and is used to confirm or test something like a theory or hypothesis, by using closed (multiple choice) questions to gather the information (Holland and Rees 2010), while qualitative research is used to understand particular concepts, thoughts or experiences regarding an idea. It assist in gathering information in-depth and takes exhaustively insights to understand the topic. In qualitative research use of open-ended questions are common to gather information in an interview, ethnography and discourse (Schmidt and Brown 2009

**The relative frequencies of the respondents' answers to the third hypothesis:**

Answers were coded in order to facilitate their entry into the computer for statistical analysis using weights in the following table.

5-point Likert Scale	Scale
Strongly Disagree	1
Disagree	2
Natural	3
Agree	4
Strongly Agree	5

In the third hypothesis (Business managers' perception of the governmental support and policies and procedure) there are five questions.

**3.2 Research method**

For a good understanding of our study topic, exploratory sequential method, research was used as the best frame for our research in order to organise the data collection and analysis. Exploratory sequential method helps determine the best research design and data collection methods relevant to the research topic. (Polit and Beck 2010).

### **3.3 Data collection tool**

Exploratory sequential method research design was used in this research study; therefore, to investigate the domain of this research. 106 Workers were invited to fill survey questionnaires, distributed via Google Drive document.

### **3.4 Population**

Workers and managers from different industries were selected randomly and included in this study. All those industries had to be small- and medium-sized in their business activities in the Sultanate of Oman.

### **3.5 Location**

For the purpose of the study, the data were collected from small and medium enterprises from the Sultanate of Oman. Oman's lush northern coast lies between the sea and inland mountains. Oman is one of the most important tourist destinations and is an address for hospitality and generosity. Oman has significant modernisation and the development of an advanced economy, begun during the rule of His Majesty Qaboos bin Said - may God rest his soul, after 1970 (*Oman History, Map, Flag, Capital, Population, & Facts 2020*). Oman's economy relies heavily on oil production, and the petroleum sector accounts for around 87% per cent of the country's total income. However, as oil reserves have been shrinking in recent years, the government has embarked on a process to vary the economic focus by developing the tourism and gas sectors (*Oman GDP Annual Growth Rate 1999–2019 Data 2020*).

### **3.6 Sampling strategy**

For the purposes of this study, two separate groups of participants were examined. A stratified sampling method was used to observe the relationships between different sub-groups. With stratified sampling, the population is divided into two groups, on the basis

of job description. Then, within each group, a probability sample (often a simple random sample) is selected. The population was selected on the basis of the company's nature of business, business size, and number of workers in the organisation. The first group of participants consisted of managers from companies where the performance. A total of 15 managers was involved in the study. All of the participants were approached via phone call, and the survey was sent to them via email. This took place in the course of two weeks. The second group of participants were invited to fill in questionnaires, which were distributed to them via a Google Drive document.

### **3.7 Instrument (survey) design**

For the purposes of this research, the questionnaires research tools is used through the distribution of questionnaires to the selected companies via a Google Drive document in course of two weeks.

**3.7.1. Questionnaires** were chosen for this research. Questionnaires are an effective method for assessment (Marquis and Huston 2012), because they are a quick and effective method to collect data from more than one respondent in a short period of time while dealing with a big number of participants (Polit and Beck 2010). This questionnaire was divided into four sections: demographic data, Omanisation proportion in SMEs, impact of Omanisation in the labour market, and business managers' perception of governmental support and policies and procedure. This questionnaire was designed by the researcher on the basis of other research. In the first section, the participants were asked about their gender, age, length of their work experience, exact position, and the company's nature of business. In the second section there were four questions about the companies': employee number, number of Omanis, how long it has been since Omanisation started, and the percentage of Omanisation. The next section regarded the participants' idea of the impact of Omanisation in the labour market, experience of Omani staff, work efficiency and production, presence of training programmes to increase the competence of Omanis, Omanisation encouragement especially in small and medium businesses, and benefits of Omanisation in the labour market. The fourth section discovered that the industrial climate in Oman is conducive of investment, the Government encouraged establishing SME units in Oman, and the Governmental agencies support SMEs, licensing, registration and procedures.

### **3.8 Data collection**

Phone calls and emails have been used to communicate with the participants (managers). I created a large database of small and medium companies, which met the research criteria using a simple Google search. I purposefully directed small and medium organisations, because the probability of being granted access to employees was higher, and less time-consuming. First of all, I contacted the relevant people from each company via phone, to address the purposes of the research and to get their permission to conduct the research, with representatives from their companies. For confidentiality, the initial contacts names and their companies' names were not disclosed, as they were not relevant to the research. The questionnaires were distributed and completed in the course of two weeks.

### **3.9 Ethical consideration**

All of the participants were informed in advance about the purposes of this project, and gave their informed consent to participate in the research. Their identity, and the names of the organisations they belong to has been kept confidential. Consent forms are attached in the Appendices. Finally, all the information collected during the course of this dissertation has been used only for the purposes of the study and will be kept confidential.

### **3.10 Statistical treatment/methods of data analysis**

SPSS software version 20 was used for data analysis using descriptive and inferential statistics. For this study's statistical analysis method, G\*Power analysis software was used, as well as the findings from the literature review. we analysed the outcomes by grouping the answers according to the answers of the respondents. The results from that were displayed as tables and charts. The major findings of this dissertation will be discussed in detail in the next chapter.

### **3.11 Conclusion**

This chapter has outlined and justified the research methodology implemented in this dissertation and its validity. Because of the nature of the research, we decided to use a

qualitative research strategy. The key research tool were questionnaire. The participants were carefully targeted and recruited through a stratified sampling technique. The results were analysed with SPSS (version 20). The major results and findings of this dissertation are discussed in the next chapter.

## **Chapter Four: Data Analysis:**

### **4.1 Introduction**

Aycan et al. (2007) suggest that Oman “in common with other Middle Eastern states has been heavily reliant on expatriate workers both for advanced technical and professional expertise and for manual labour.” Ghailani and Khan (2004) argue that “The government of Oman sees private sector as a vehicle of growth and development, where the larger employment generation and absorption of Omani population in gainful employment is more likely to occur”. Al-Hamadi et al. (2007) further emphasise the role of the private sector when they argue that “Through Omanization, it is anticipated that the Omani nationals, rather than the expatriate workforce, will, in the longer term, promote efficiency and effectiveness in both the public and the private sectors.”

### **4.2 Study findings and discussion**

#### **25.1.1 Study results and discussion**

The researcher used the SPSS program to process data statistically and to learn the relationship between the Omanisation rate, the impact of Omanisation in the labour market, and the governmental support for Omanisation in small and medium enterprises in the Sultanate of Oman. The questionnaire was created by means of a Google form link and distributed to workers in small and medium enterprises in the Sultanate of Oman through the means of social communication. One hundred six answers were collected during a two-week period.

The aim of calculating the hypothetical mean is to compare it with the actual arithmetic mean of the statement, as if the actual arithmetic mean of the statement is less than the hypothetical mean. This indicates the respondents’ approval of the statement, and that the respondents disagree with the statement if the actual arithmetic mean exceeds the hypothesis mean.

For the statistical method, the researcher used the SPSS program to process the data statistically. The statistical method is used in analysing the data, such as percentages and frequencies of the respondents’ answers, in addition to the arithmetic mean and standard deviation of the weights of the respondents’ answers.

The arithmetic mean is used to describe the data in order to learn the respondents' attitude towards the statement, whether it is positive or negative, for example if the actual arithmetic mean is less than the hypothetical arithmetic mean (3). The questionnaire contains two parts, the first is the demographic data and the second part contains the terms of the questionnaire.

First is the demographic data, which includes gender, age, period of experience, the employee's position in the organisation and what the work sector is.

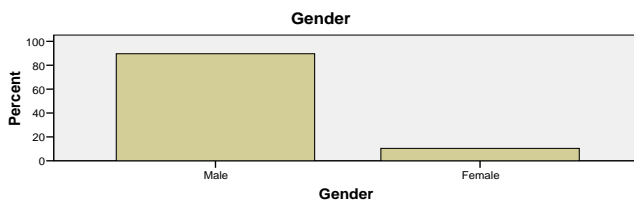
### 25.1.2 Demographic data

Demographic data analysis contained five questions, gender, age, length of their experience, position and responsibility and nature of the company's business.

The relative frequency of gender in the study sample for the first question:

**Table 1 and Chart 1 The Gender**

<b>Gender</b>	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Male	95	89.6	89.6	89.6
Female	11	10.4	10.4	100.0
Total	106	100.0	100.0	

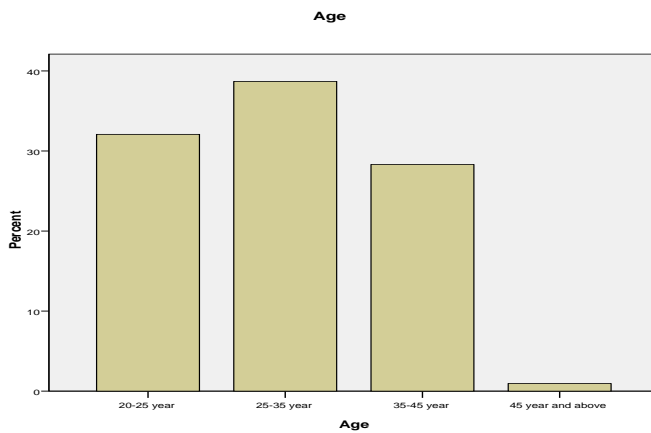


From the above table and chart, we found that 89.6% of the study sample were male and 10.4% were female. From this we can conclude that the majority of the sample members are male.

The frequency table for age of the study sample for the second question:

**Table 2 and Chart 2 The Age**

Age		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	20–25 years	34	32.1	32.1	32.1
	25–35 years	41	38.7	38.7	70.8
	35–45 years	30	28.3	28.3	99.1
	45 years and above	1	.9	.9	100.0
	Total	106	100.0	100.0	



From the above table and chart, we found that the frequency rate for the ages of the study sample is 32.1% (20–25 years), 38.7% (25–35 years), 28.3% (35–45 years), and 0.9% (45 and above).

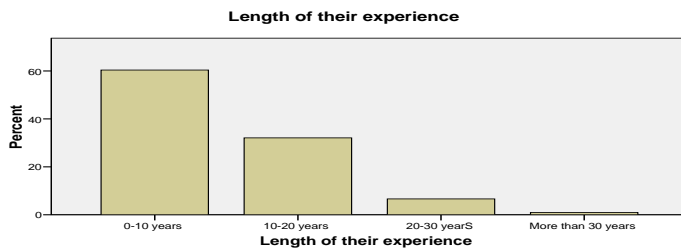
From this, we conclude that the highest percentage represents age group 25–35 for the study sample, the percentage declined steadily by 6.6% for age group 20–25. There was a sharp fall-off in the percentage for age group 45 and above. Moreover, the total percentage of workers aged from 20 to 45 years old was 99.1%.



The relative frequency of the study sample according to the third question (Length of their experience in the company?)

**Table 3 and Chart 3 Length of experience**

Length of their experience	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid 2% 0–10 years	64	60.4	60.4	60.4
10–20 years	34	32.1	32.1	92.5
20–30 years	7	6.6	6.6	99.1
More than 30 years	1	.9	.9	100.0
Total	106	100.0	100.0	

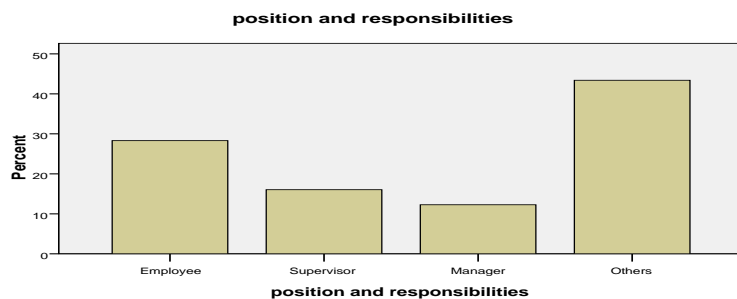


From the above table and chart, we found the most workers have 0–10 years’ experience with 60.4%, this percentage decreased to half (around 32.2%) for the 10–20 years’ experience group; however, employees with 20–30 years’ and 30 years’ or more experience scored only around 7.5%. We conclude from this that the majority of the sample have 0–10 years of experience.

The relative frequency in the study sample according to fourth question “Exact position and responsibilities in the company?”

**Table 4 and Chart 4 Position and responsibilities**

<b>Position and responsibilities</b>		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Employee	30	28.3	28.3	28.3
	Supervisor	17	16.0	16.0	44.3
	Manager	13	12.3	12.3	56.6
	Others	46	43.4	43.4	100.0
	Total	106	100.0	100.0	



The previous table and chart showed that the top percentage (around 40%) was reached by workers who are working in other jobs, while 28.3% are working as employees, 16% are working as supervisors and only 12.3% are working as managers.

Thus we can conclude that the higher percentage of work is other jobs.

The relative frequency in the study sample according to the fifth question “What is the company’s nature of business?”

**Table 5 and Chare 5 Nature of business**

<b>Company’s nature of business</b>		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Industrial	20	18.9	18.9	18.9
	Services	40	37.7	37.7	56.6
	Commercial	30	28.3	28.3	84.9
	Other	16	15.1	15.1	100.0
	Total	106	100.0	100.0	



Regarding the question “what is the company nature of the business?”, the result was that 18.9% of the study sample work in the industrial sector, 37.7% work in the service sector, 28.3% work in the commercial sector and 15.1% work in other sectors.

In this study we conclude that the highest percentage of the respondents work in the service sector.

#### **The relative frequencies of the respondents’ answers to the first hypothesis**

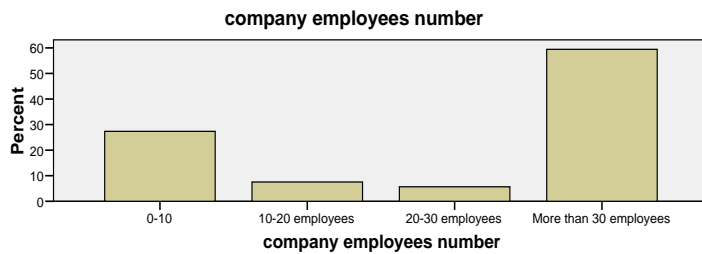
In the first hypothesis (the impact of the Omanisation proportion in SMEs), there were four questions.

Question one was what is the company’s employee number?  
Expressions of the first hypothesis (the employee number)

**Table 6 and Chart 6 Company employees number**

**company employees number**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-10	29	27.4	27.4	27.4
10-20 employees	8	7.5	7.5	34.9
20-30 employees	6	5.7	5.7	40.6
More than 30 employees	63	59.4	59.4	100.0
Total	106	100.0	100.0	



From the above table and chart, we found that 27.4% of the study sample work in companies that have 0–10 employees, 7.5% work in companies with 10–20 employees, 5.7% work in companies with 20–30 employees, and the largest percentage, 59.4%, work in companies with 30 employees or more.

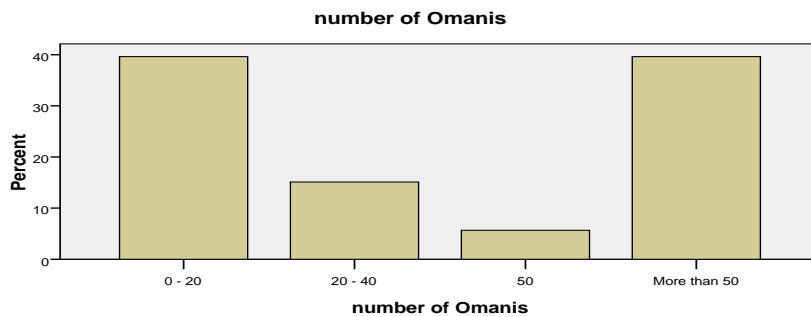
Therefore, we can conclude that the majority of the sample members work in companies with 30 employees or more.

The relative frequency of the respondents' answers to the second question “What is the number of Omanis in the company?”

**Table 7 and chart 7 number of omanis in the company**

**number of Omanis**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0 - 20	42	39.6	39.6	39.6
20 - 40	16	15.1	15.1	54.7
50	6	5.7	5.7	60.4
More than 50	42	39.6	39.6	100.0
Total	106	100.0	100.0	



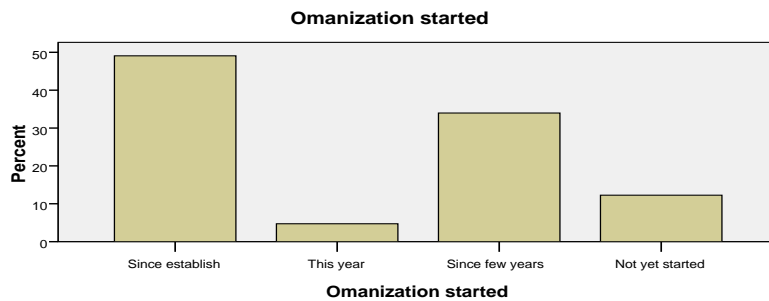
From the above table and chart, we found that 39.6% of the sample respondents worked where the number of Omani workers is 0–20; 15.1% of the sample respondents worked where the number of Omani workers is 20–40%, and 5.7% of the sample respondents worked where the number of Omani workers is 40–50. In total, 39.6% of workers worked at a company where there are more than 50 Omani workers.

Therefore, we can conclude that the highest percentage is 39.6 and it represents companies with 0–20 and with more than 50 Omani workers.

The relative frequency of the respondents' answers to the third question (How long ago since Omanisation started in your company?)

**Table8 and Chart 7 Omanisation started in the company**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Since establish	52	49.1	49.1	49.1
This year	5	4.7	4.7	53.8
Since few years	36	34.0	34.0	87.7
Not yet started	13	12.3	12.3	100.0
Total	106	100.0	100.0	



From the table and chart, we found that 49.1% of the sample respondents say that Omanisation began when the company was established, 4.7% said that Omanisation began this year, and 34% said that Omanisation began a few years ago, while 12.3% said that Omanisation had not started yet.

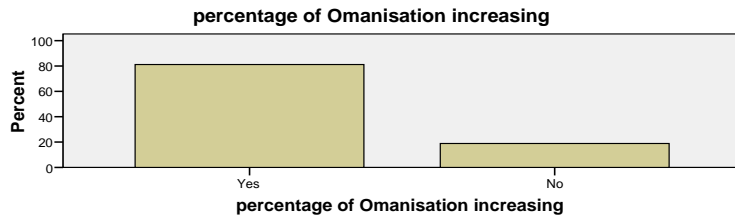
Thus we conclude that the highest percentage is 49.1, which represents the variable that Omanisation started in the company when it was established, followed by 34% for “a few years ago”. This indicates that small and medium enterprises are passing through a stage of maturity and increasing awareness of the importance of Omanisation and its role in providing job opportunities for citizens.

The relative frequency of respondents’ answers to the fourth question (Is the percentage of Omanisation increasing, compared to the percentage in the beginning of the company?)

**Table 9 and Chart 9 increase the percentage of omanization**

**percentage of Omanisation increasing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	86	81.1	81.1	81.1
No	20	18.9	18.9	100.0
Total	106	100.0	100.0	



From the table and chart, we found that 81.1% of the sample responded with yes, while 18.9% responded with no.

We conclude that the percentage of Omanisation is increasing in small and medium enterprises.

Thus we confirm the validity of the first hypothesis (the impact of Omanisation proportion in SMEs) through the increase in the percentage of Omanisation, the success of its application, and the increase in the number of Omanis working in small and medium enterprises.

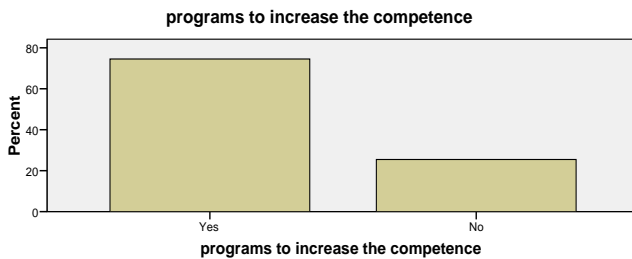
#### **The relative frequencies of the respondents' answers to the second hypothesis**

In the second hypothesis there are four questions (Impact of Omanisation in the labour market)

The relative frequency of the respondents' answers to the first question (Is there a programme to increase the competencies of Omanis?)

**and Chart 10 programme to increase the competencies of Omanis10 Table**

<b>Programmes to increase the competence</b>	<b>Frequency</b>	<b>Per cent</b>	<b>Valid Per Cent</b>	<b>Cumulative Percent</b>
Valid Yes	79	74.5	74.5	74.5
No	27	25.5	25.5	100.0
Total	106	100.0	100.0	



From the above table, we found that 74.5% of the respondents sampled answered that there are programmes, while 25.5% said there are no programmes to increase competencies.

The higher percentage of respondents agree on having programmes to increase competencies.

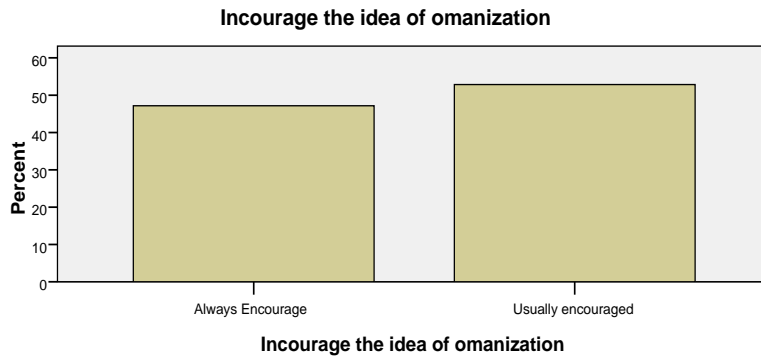
This indicates the great role that the sponsors play by providing programmes for owners of small and medium enterprises to raise Omani competencies and provide ways for them to succeed.

The relative frequency of the respondents' answers to the second question (Do you encourage the idea of Omanisation, especially in small and medium businesses?)

**Table 11 and Chart 11 Encourage the idea of Omanisation**

Encourage the idea of Omanisation	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Always Encourage	50	47.2	47.2	47.2
Usually encouraged	56	52.8	52.8	100.0
Total	106	100.0	100.0	





From the above table and chart, we found that 47.2% and 52.8% encourage the idea of Omanisation.

We conclude from this that the whole study sample agrees and encourages the idea of Omanisation.

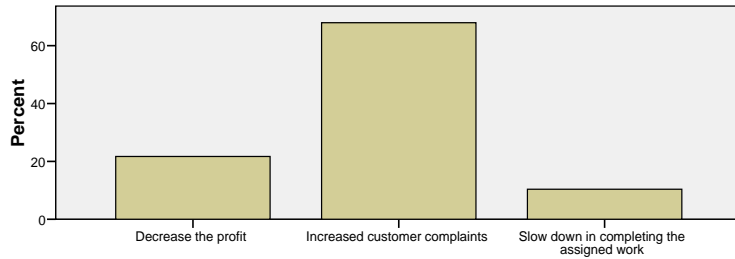
**The relative frequency of the respondents' answers to the third question (What do you think of the negatives in the application of compulsory Omanisation policy instead of gradual Omanisation in small and medium enterprises?)**

The negatives in the application of compulsory Omanisation policy instead of gradual Omanisation

**Table12 and Chart 12 Negatives in the application of compulsory Omanisation**

<b>Negatives in the application of compulsory Omanisation policy</b>		<b>Frequency</b>	<b>Per cent</b>	<b>Valid Per cent</b>	<b>Cumulative Per cent</b>
Valid	Decreased profit	23	21.7	21.7	21.7
	Increased customer complaints	72	67.9	67.9	89.6
	Slowdown in completing the assigned work	11	10.4	10.4	100.0
	<b>Total</b>	<b>106</b>	<b>100.0</b>	<b>100.0</b>	

**The Negatives in the application of compulsory Omanization policy instead of gradual Omanisation**



**The Negatives in the application of compulsory Omanization policy instead of gradual Omanisation**

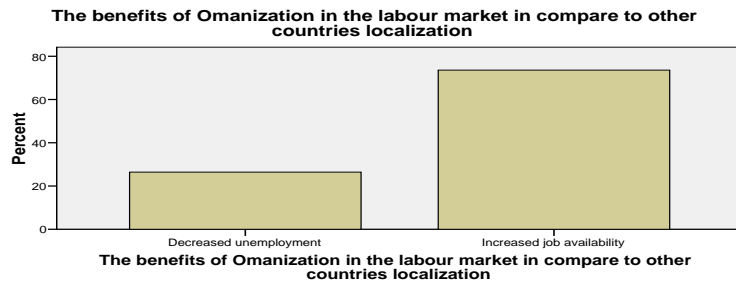
We notice that 67.9% of respondents said that it increased customer complaints, and 21.7% answered that the profit would be reduced, while 10.4% answered that there is a slowdown in completing the assigned work.

We note from the respondents' answers that if compulsory Omanisation is applied, it will lead to an increase in customer complaints as well as a decrease in the profits of small and medium enterprises.

The relative frequency of the respondents' answers to the fourth question (What do you think of the benefits of Omanisation in the labour market in comparison to other countries localisation?)

**Table 13 and Chart 13 the benefits of Omanisation**

<b>The benefits of Omanisation in the labour market in comparison to other countries localisation</b>		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Decreased unemployment	28	26.4	26.4	26.4
	Increased job availability	78	73.6	73.6	100.0
	Total	106	100.0	100.0	



From the above table and chart we conclude that 21.4% of answers centred on unemployment will be reduced and 73.6% centred on increase in job opportunities.

We note from the respondents' answers that the benefits of Omanisation in the labour market in comparison to other countries localisation is an increase in job opportunities and a decrease in unemployment through the application of the Omanisation policy and the role that small and medium enterprises play in providing job opportunities with remunerative salaries and benefits.

Statistical analysis of the second statement (Impact of Omanisation in the labour market)

**Table14 Statistical analysis of the second statement Impact of Omanisation in the labour market**

	N		Mean	Std. Deviation	Range	Minimum	Maximum
	Valid	Missing					
programs to increase the competence	106	0	1.25	.438	1	1	2
Incou rage the idea of omanization	106	0	1.53	.502	1	1	2
The Negatives in the application of compulsory Omanization policy instead of gradual Omanisation	106	0	1.89	.558	2	1	3
The benefits of Omanization in the labour market in compare to other countries localization	106	0	1.74	.443	1	1	2
Im pact of omanization in the labor market	106	0	1.6014	.22033	1.00	1.00	2.00

Through the previous statements on the second hypothesis (The impact of Omanisation in the labour market), we confirm the validity of the hypothesis. Through the responses, we conclude that there are programmes to raise Omani competencies and encourage great Omanisation and the role of small and medium enterprises in providing job opportunities, but the application of the compulsory Omanisation policy leads to an increase in customer complaints and thus lowers profits.

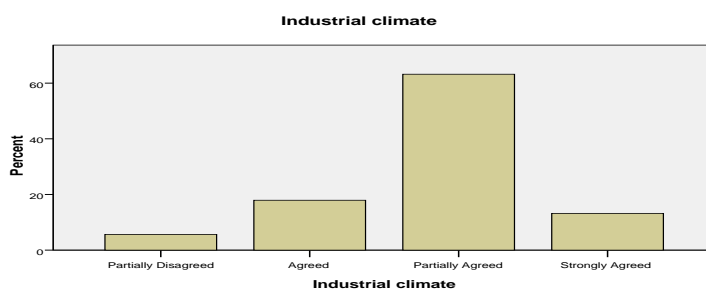
### The relative frequencies of the respondents' answers to the third hypothesis

Answers are coded in order to facilitate their entry into the computer for statistical analysis using weights in the following table and chart.

The relative frequency of the respondents' answers to the first question (Is the industrial climate in Oman is conducive of investment?)

**Table 15 and Chart 15 The industrial climate**

Industrial climate					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Partially Disagreed	6	5.7	5.7	5.7
	Agreed	19	17.9	17.9	23.6
	Partially Agreed	67	63.2	63.2	86.8
	Strongly Agreed	14	13.2	13.2	100.0
	Total	106	100.0	100.0	

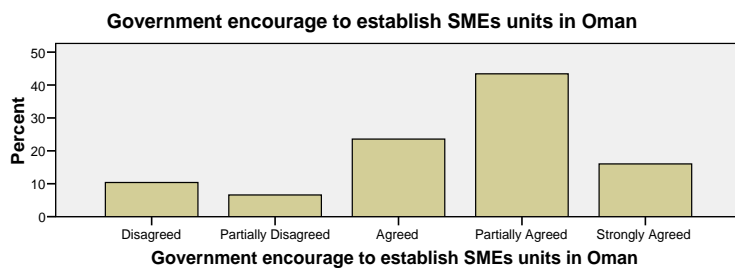


From the above table, the answers of the respondents focused on partially agreed and agreed that the industrial climate in Oman is conducive of investment, with 63.2% and 17.9%, respectively. The percentage of those who partially disagreed was only 5.7%.

The relative frequency of the respondents' answers to the second question (Does government encourage to establish SMEs units in Oman?)

**Table16 and Chart 16 government encourage to establish SMEs units in Oman**

Government encourage to establish SMEs units in Oman					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	11	10.4	10.4	10.4
	Partially Disagreed	7	6.6	6.6	17.0
	Agreed	25	23.6	23.6	40.6
	Partially Agreed	46	43.4	43.4	84.0
	Strongly Agreed	17	16.0	16.0	100.0
	Total	106	100.0	100.0	



From the above table and chart, we found that 10.4% disagree, 6.6% partially disagree, 23.6% agree, 43.4% partially agree, 16% strongly agree. We note that most of the sample members agree that the government encourages establishing SME units in Oman.

From the above, the effective role of the government and their eagerness to encourage the establishment of small and medium enterprises is evident.

**Table and Chart 17**

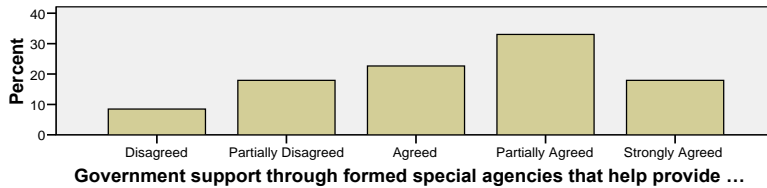
The relative frequency of the respondents' answers to the third question (Is there government support through special agencies that help provide financing?)

**Table17 and Chart 17 government support through special agencies that help provide financing**

**Government support through formed special agencies that help provide financing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagreed	9	8.5	8.5	8.5
Partially Disagreed	19	17.9	17.9	26.4
Agreed	24	22.6	22.6	49.1
Partially Agreed	35	33.0	33.0	82.1
Strongly Agreed	19	17.9	17.9	100.0
Total	106	100.0	100.0	

**Government support through formed special agencies that help provide financing**



From the above table and chart, it was found that 8.5% disagreed, 17.9% partially disagreed, 22.6% agreed, 33% partially agreed and 17.9% strongly agreed. We note that most of the sample members agree that there is government support through special agencies that help provide financing.

We note the effect of government support by providing institutions that work to support small and medium enterprises, such as the Small and Medium Enterprises Development Fund and the Public Authority for Small and Medium Enterprises Development (Riyada).

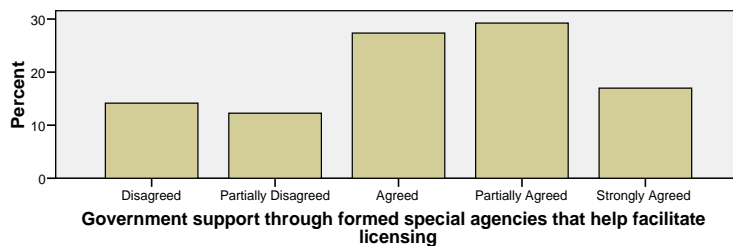
The relative frequency of the respondents' answers to the fourth question (Is there government support through special agencies that help facilitate licensing?)

**Table18 and Chart 18 government support through special agencies that help facilitate licensing**

**Government support through formed special agencies that help facilitate licensing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagreed	15	14.2	14.2	14.2
Partially Disagreed	13	12.3	12.3	26.4
Agreed	29	27.4	27.4	53.8
Partially Agreed	31	29.2	29.2	83.0
Strongly Agreed	18	17.0	17.0	100.0
Total	106	100.0	100.0	

**Government support through formed special agencies that help facilitate licensing**



From the above table and chart, we notice that 14.2% disagree and 12.3% partially disagree, while 27.4% agree, 29.2% partially agree, and 17% strongly agree.

From the data, we conclude that the rate of approval is the highest for the question is there government support through special agencies that help facilitate licensing.

The effect of government support is evident from the data, such as through establishing Sanad centres for services under the supervision of the Al Rafd Fund. Among the tasks of Sanad centres is to contribute to the employment of the national workforce, encourage individual initiatives, contribute to the qualification of citizens and prepare them for effective assistance in the labour market.

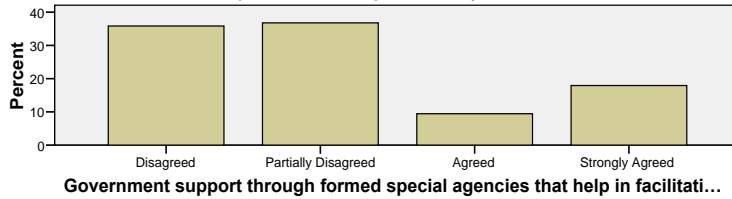
The relative frequency of the respondents' answers to the fifth question (Is there government support through special agencies that help in facilitating quick and easy registration procedures?)

**Table19 and Chart 19 government support through special agencies that help in facilitating quick and easy registration procedures**

**Government support through formed special agencies that help in facilitating registration procedures to be quick and easy?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagreed	38	35.8	35.8	35.8
Partially Disagreed	39	36.8	36.8	72.6
Agreed	10	9.4	9.4	82.1
Strongly Agreed	19	17.9	17.9	100.0
Total	106	100.0	100.0	

**Government support through formed special agencies that help in facilitating registration procedures to be quick and easy?**



From the table and chart, most of the sample members are not satisfied with the statement that there is government support through special agencies that help in facilitating quick and easy registration procedures, with 63.2%. Only a small percentage of the sample members are satisfied with 17.9%.

Through the respondents' answers to the question is there government support through special agencies that help in facilitating quick and easy registration procedures here, a defect in government support appears that does not satisfy the owners of small and medium enterprises, and the government must work to address it and work to speed up and facilitate registration procedures.



**Table 20 mean and standard deviation of governmental support on SMEs**

	N		Mean	Std. Deviation	Range	Minimum	Maximum
	Valid	Missing					
Industrial climate	106	0	3.84	.719	3	2	5
Government encourage to establish SMEs units in Oman	106	0	3.48	1.157	4	1	5
Government support through formed special agencies that help provide financing	106	0	3.34	1.210	4	1	5
Government support through formed special agencies that help facilitate licensing	106	0	3.23	1.275	4	1	5
Government support through formed special agencies that help in facilitating registration procedures to be quick and easy?	106	0	2.27	1.418	4	1	5
Governmental support on SMEs	106	0	3.2321	.80718	3.40	1.40	4.80

**The general mean of the axis is 3.23**

We notice from the above table that the arithmetic mean of the first four expressions is greater than the hypothetical mean (3). This indicates that the respondents' answers tend towards a positive direction, meaning that they agree with the first four statements.

In contrast to the fifth statement (Government support is available through special agencies that help in facilitating quick and easy registration procedures), the arithmetic mean is less than the hypothetical arithmetic mean (3), and this indicates that the responses of the respondents tend towards a negative direction, meaning that participants do not agree with them, and therefore the government must work to facilitate rapid and easier registration procedures for owners of small and medium enterprises.

In general, the arithmetic mean of the third hypothesis (there is an effect of government support for small and medium enterprises) is higher than the hypothetical arithmetic mean (3). From the above, we confirm the effectiveness of the impact of government support for small and medium enterprises, with the aim of directing Omani youth to work and establishing private companies that help reduce the unemployment rate and raise the local economy, thus confirming the validity of the hypothesis (there is an effect of government support for small and medium enterprises).

### **Reliability and validity test**

Reliability is defined as the consistency of the results over time and an accurate representation of the study sample. The test results can be repeated according to a similar methodology. Validity is defined as the extent to which a test measures (Joppe 2000).

Validity and reliability are two factors that any researcher should be concerned with while designing a study, analysing the results and then judging the quality of the study (Patton 2001).

### **Tool stability (internal consistency)**

To measure the stability of the study tool, the reliability coefficient (Cronbach's alpha) is extracted for the same exploratory sample used in the validity of the tool, and the table below shows the value of the parameter by axis.

Calculating the stability of the questionnaire:

**Table21 Tool stability**

#### **Case Processing Summary**

	N	%
Cases Valid	106	100.0
Excluded(a)	0	.0
Total	106	100.0

a likewise deletion based on all variables in the procedure.

Cronbach's alpha coefficient to measure the stability of the study instrument

**Table 22 Cronbach's alpha**

The axes	Number of axes	Stability of the axes
The first axis (Omanisation proportion in SMEs)	4	.512
The second axis (Omanisation in labour market)	4	.618
The third axis (Governmental support for SMEs)	5	.556
General stability of the questionnaire	13	.72

We note from table 23 that the value of the overall stability coefficient of the study instrument is 0.72. This value indicates the existence of good internal consistency in the tool, which fulfils the purpose of the study.

### **25.1.3 Pearson correlation coefficients**

Correlation analysis is a statistical method used to investigate the relationships between two or more sets of variables, each consisting of at least two variables (Wiley & Sons, 2005).

Pearson correlation coefficients measure the effect between the axes of the questionnaire, with the total degree:

Correlation coefficients of the survey axes with the total degree

**Correlations**

		programs to increase the competence	Incorporate the idea of omanization	The Negatives in the application of compulsory Omanization policy instead of gradual Omanisation	The benefits of Omanization in the labour market in compare to other countries localization	Impact of omanization in the labor market
programs to increase the competence	Pearson Correlation Sig. (2-tailed) N	1 .142 106	-.142 .148 106	-.154 .115 106	.056 .571 106	.347** .000 106
Incorporate the idea of omanization	Pearson Correlation Sig. (2-tailed) N	-.142 .148 106	1 .019 106	-.227* .019 106	.077 .434 106	.394** .000 106
The Negatives in the application of compulsory Omanization policy instead of gradual Omanisation	Pearson Correlation Sig. (2-tailed) N	-.154 .115 106	-.227* .019 106	1 .071 106	.472 .472 106	.463** .000 106
The benefits of Omanization in the labour market in compare to	Pearson Correlation Sig. (2-tailed) N	.056 .571 106	.077 .434 106	.071 .472 106	1 .619** 106	.619** .000 106
Impact of omanization in the labor market	Pearson Correlation Sig. (2-tailed) N	.347** .000 106	.394** .000 106	.463** .000 106	.619** .000 106	1 .000 106

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**Table 23 A**

**Table23 Correlation for the first hypothesis**

**Correlations**

		com many employees number	number of Omanis	Omanization started	percentage of Omanisation increasing	Omanization prortion in SMEs
com many employees number	Pearson Correlation Sig. (2-tailed) N	1 .737** 106	.737** .000 106	-.141 .150 106	-.371** .000 106	.814** .000 106
number of Omanis	Pearson Correlation Sig. (2-tailed) N	.737** .000 106	1 .000 106	-.192* .049 106	-.322** .001 106	.801** .000 106
Omanization started	Pearson Correlation Sig. (2-tailed) N	-.141 .150 106	-.192* .049 106	1 .028 106	.213* .028 106	.315** .001 106
percentage of Omanisation increasing	Pearson Correlation Sig. (2-tailed) N	-.371** .000 106	-.322** .001 106	.213* .028 106	1 .228 106	-.118 .228 106
Omanization prortion in SMEs	Pearson Correlation Sig. (2-tailed) N	.814** .000 106	.801** .000 106	.315** .001 106	-.118 .228 106	1 .000 106

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**Table 23 B**

**Table24 Correlation for the second hypothesis**

Correlations

		Industrial climate	Government encourage to establish SMEs units in Oman	Government support through formed special agencies that help provide financing	Government support through formed special agencies that help facilitate licensing	Government support through formed special agencies that help in facilitating registration procedures to be quick and easy?	Governmental support on SMEs
Industrial climate	Pearson Correlation	1	-.067	-.178	-.126	-.181	.002
	Sig. (2-tailed)		.497	.069	.197	.064	.981
	N	106	106	106	106	106	106
Government encourage to establish SMEs units in Oman	Pearson Correlation	-.067	1	.733**	.578**	.407**	.820**
	Sig. (2-tailed)	.497		.000	.000	.000	.000
	N	106	106	106	106	106	106
Government support through formed special agencies that help provide financing	Pearson Correlation	-.178	.733**	1	.672**	.478**	.858**
	Sig. (2-tailed)	.069	.000		.000	.000	.000
	N	106	106	106	106	106	106
Government support through formed special agencies that help facilitate licensing	Pearson Correlation	-.126	.578**	.672**	1	.429**	.811**
	Sig. (2-tailed)	.197	.000	.000		.000	.000
	N	106	106	106	106	106	106
Government support through formed special agencies that help in facilitating registration	Pearson Correlation	-.181	.407**	.478**	.429**	1	.715**
	Sig. (2-tailed)	.064	.000	.000	.000		.000
	N	106	106	106	106	106	106
Governmental support on SMEs	Pearson Correlation	.002	.820**	.858**	.811**	.715**	1
	Sig. (2-tailed)	.981	.000	.000	.000	.000	
	N	106	106	106	106	106	106

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table 23 C**

**Table 25 Correlation for the third hypothesis**

Pearson correlation coefficients were used to measure the effect between the items of the questionnaire against the total degree of the axis belonging to it.

From table 23 in which the correlation coefficients of the paragraph and the axis belonging to it.

The number of questions related to the first hypothesis in table 23 A (Is there an impact of the Omanisation proportion in SMEs) is four. The first question was what is the company's employee number?

The rate of Pearson correlation between the number of company employees and the Omanisation ratio in SMEs is 0.814, with a significance value 0.000, which is the smallest (0.01). Thus we conclude that there is a strong direct relationship between the number of employees in the company and the percentage of Omanisation in the SMEs (the more employees in the company there are, the higher the Omanisation percentage

is). On the basis of that, we reject the zero hypothesis and accept the alternative hypothesis, which states that there is a relationship between the two variables.

The questions related to the first hypothesis (Is there an impact of Omanisation proportion in SMEs) were four in number. The second question was what is the number of Omanis in the company?

Pearson's correlation rate between the number of Omani employees in the company and the Omanisation ratio in SMEs is 0.801 with a significance value of 0.000, which is the smallest (0.01), and it was distinguished as a statistical function at a significant level (0.01), as was written below the table. Thus we conclude that there is a strong positive relationship between the number of Omani employees in the company and the percentage of Omanisation in the SMEs (the more Omani employees there are in the company, the higher the Omanisation rate is). On the basis of that, we reject the zero hypothesis and accept the alternative hypothesis, which states that there is a relationship between the two variables.

The number of questions related to the first hypothesis (There are an impact of Omanisation proportion in SMEs) was four. The third question was how long ago since Omanisation started in your company?

The Pearson correlation rate between the start of Omanisation in the company and the percentage of Omanisation in SMEs is 0.315 with a significance value of 0.001, which is the smallest (0.01), and it was distinguished as a statistical function at a significant level (0.01), as was written below the table. Thus we conclude that there is a direct relationship between the start of Omanisation in the company and the percentage of Omanisation in the SMEs (the earlier the Omanisation occurred in the company, the higher the percentage of Omanisation was). Accordingly, we reject the null hypothesis and accept the alternative hypothesis, which states that there is a relationship between the two variables.

The questions related to the first hypothesis (Is there an impact of Omanisation proportion in SMEs) were four in number. The fourth question was is the percentage of Omanisation increasing, compared to the percentage in the beginning of the company?

The rate of Pearson's correlation between increasing the company's Omanisation and the Omanisation rate in SMEs is  $-0.118$ .

So, we conclude that there is an inverse relationship between the increase in the Omanisation rate and the Omanisation rate in SMEs (the more jobs there are, the lower the percentage of Omanisation is, and vice versa: the scarcer the jobs are, the higher the percentage of Omanisation is. Accordingly, we reject the null hypothesis and accept the alternative hypothesis, which states that there is a relationship between the two variables.

The number of questions related to the second hypothesis is given in table 23 B (Impact of Omanisation in the labour market) was four. The first question was is there a programme to increase the competencies of Omanis?

The rate of Pearson's correlation between providing qualification programmes and its impact on the labour market is 0.347, with a significance value of 0.000, which is the smallest (0.01), and it was distinguished as a statistical function at a significant level (0.01).

Thus we conclude that there is a direct relationship between providing qualification programmes and its impact on the labour market (the more qualification programs there are, the higher the labour market impact is). On the basis of that, we reject the zero assumption and accept the alternative hypothesis that states that there is a relationship between the two variables.

The number of questions related to the second hypothesis (Impact of Omanisation in the labour market) was four. The second question was do you encourage the idea of Omanisation, especially in small and medium businesses?

The rate of Pearson's correlation between encouraging the idea of Omanisation in the SMEs and its impact on the labour market is 0.394, with a significance value of 0.000, which is smaller (0.01), and was distinguished as a statistical function at a significant level (0.01), as was written below the table.

Thus we conclude that there is a direct relationship between encouraging the idea of Omanisation and its impact on the labour market (the more encouraged the idea of Omanisation is, the greater its impact on the labour market). On that basis, we reject the zero hypothesis and accept the alternative hypothesis that states that there is a relationship between the two variables.

The number of questions related to the second hypothesis (Impact of Omanisation in the labour market) was four. The third question was what do you think of the negatives in the application of compulsory Omanisation policy instead of gradual Omanisation in small and medium enterprises?

The rate of Pearson's correlation between the disadvantages of applying compulsory Omanisation instead of gradual Omanisation in the SMEs and its impact on the labour market is 0.463, with a significance value 0.000, which is smaller (0.01) and was distinguished as a statistical function at a significant level (0.01), as was written below the table.

Thus we conclude that there is a positive relationship between the negative aspects of the application of compulsory Omanisation instead of gradual Omanisation and its impact on the labour market (the more the application of compulsory Omanisation is directed, the higher the number of consumers' complaints is and the more the interest rate decreases). Accordingly, we reject the zero assumption and accept the alternative assumption that states the existence of a relationship between the two variables.

The number of questions related to the second hypothesis (Impact of Omanisation in the labour market) was four. The fourth question was what do you think of the benefits of Omanisation in the labour market in comparison to other countries localisation?

The rate of Pearson's correlation between the positives of Omanisation in the SME and its impact on the labour market is 0.619, with a significance value of 0.000, which is smaller (0.01) and was distinguished as a statistical function at a significant level (0.01), as was written below the table.

Thus we conclude that there is a direct relationship between the positive aspects of Omanisation and its impact on the labour market (the more successful the Omanisation policy is, the higher the number of available jobs is). On the basis of that, we reject the zero hypothesis and accept the alternative hypothesis that states that there is a relationship between the two variables.

The number of questions related to the third hypothesis are given in table 23 C (Business managers' perception of governmental support and policies and procedure) were five. The first question was is the industrial climate in Oman conducive of investment?



The rate of Pearson's correlation between government support through the creation of an industrial climate and its impact on SME owners is 0.002.

Thus we conclude that there is a direct relationship between government support through the creation of an industrial climate and its effect on the owners of SMEs (the more attractive the industrial climate is, the more satisfied the owners of SMEs are). On the basis of that, we reject the zero hypothesis and accept the alternative hypothesis that states that there is a relationship between the two variables.

The number of questions related to the third hypothesis (Business managers' perception of the governmental support and policies and procedure) were five. The second question was does government encourage establishing SME units in Oman?

The rate of Pearson's correlation between government's encouragement to establish SMEs and its impact on SME owners is 0.820, with a significance value of 0.000, which is smaller (0.01) and was distinguished as a statistical significant level (0.01), as was written below the table.

Thus we conclude that there is a direct relationship between governmental encouragement for the establishment of SME units and its effect on the owners of SMEs (the greater the encouragement is, the greater the satisfaction of the SME owners is). On the basis of that, we reject the zero hypothesis and accept the alternative hypothesis that states that there is a relationship between the two variables.

The number of questions related to the third hypothesis (business managers' perception of the governmental support and policies and procedure) were five. The third question was is there government support through special agencies that help provide financing?

The rate of Pearson's correlation between government support through the establishment of special agencies to financially support SMEs and its impact on SME owners is 0.858, with a significance value of 0.000, which is smaller (0.01) and has been distinguished as a statistical function at a significant level (0.01), as was written below the table.

Thus we conclude that there is a direct relationship between government support for establishing special agencies to support SMEs and its effect on SME owners (the greater the financial support is, the greater the satisfaction of SME owners is). On the basis of

that, we reject the zero hypothesis and accept the alternative hypothesis that states that there is a relationship between the two variables.

The number of questions related to the third hypothesis (Business managers' perception of the governmental support and policies and procedure) were five. The fourth question was does government support through special agencies help facilitate licensing?

The rate of Pearson's correlation between government support through the establishment of special agencies to facilitate the issuance of licenses and its impact on the owners of SMEs is 0.811, with a significance value of 0.000, which is smaller (0.01) and was distinguished as a statistical function at a significant level (0.01), as was written below the table.

Thus we conclude that there is a positive relationship between government support through the establishment of special agencies to facilitate the issuance of licenses and its effect on the owners of SMEs (the quicker the licensing facilities are, the more satisfied the owners of SMEs are). On the basis of that, we reject the zero assumption and accept the alternative assumption that states that there is a relationship between the two variables.

The number of questions related to the third hypothesis (Business managers' perception of the governmental support and policies and procedure) are five. The fifth question was does government support through special agencies help in facilitating quick and easy registration procedures?

The rate of Pearson's correlation between government support through the establishment of special agencies to facilitate quick and easy registration procedures and its effect on the owners of SMEs is 0.715, with a significance value of 0.000, which is smaller 0.01 and was distinguished as a statistical function at a significant level (0.01), as was written below the table.

Thus we conclude that there is a positive relationship between the government support through the establishment of special agencies to facilitate quick and easy registration procedures and its effect on the owners of SMEs (the easier the registration procedures are, the more satisfied the owners of SMEs are). Accordingly, we reject the zero assumption and accept the alternative assumption that states that there is a relationship between the two variables.

### **4.3 Conclusion**

Many countries, including the Sultanate of Oman, have worked to encourage small and medium enterprises because of their importance in solving many economic and social problems such as unemployment and stimulating the wheel of economic development.

The most significant research findings were that the Government of Oman views the private sector as a vehicle for growth and development and argues that it is expected to enhance the efficiency and effectiveness of Omanisation rather than the expatriate workforce, in both the public and private sectors. This study examined the impact of Omanisation on small and medium enterprises in Oman using the designed Omanisation method. Most of the results of the research were found through the use of the SPSS program to analyse the study sample, such as the increase in the percentage of Omanisation in small and medium enterprises, the increase in the number of workers in small and medium enterprises, the existence of programmes to develop Omani competencies, the impact of the application of compulsory Omanisation and its consequences in the increase of customer complaints and the decrease in profits, the effect of Omanisation in increasing employment opportunities and reducing unemployment, and the significant impact of government support by encouraging and providing facilities and loans in implementing the Omanisation policy in small and medium enterprises.

## **Chapter Five**

### **5.1 Conclusion**

This study examined the effect of Omanisation in small and medium enterprises in Oman, by using triangulation. The main research findings were that the Government of Oman views the private sector as a vehicle for growth and development and argues that it is expected to enhance the efficiency and effectiveness of Omanisation rather than the expatriate workforce, in both the public and private sectors. This study examined the impact of Omanisation on small and medium enterprises in Oman using the designed Omanisation method. Most of the results of the research were analysed using the SPSS program on the study sample, the increase in the percentage of Omanisation in small and medium enterprises, the increase in the number of workers in small and medium enterprises, the existence of programmes to develop Omani competencies, the impact of the application of compulsory Omanisation and its consequences for the increase of customer complaints and the decrease in profits, the effect of Omanisation on increasing employment opportunities and reducing unemployment, and the significant impact of government support by encouraging and providing facilities and loans for implementing the Omanisation policy in small and medium enterprises.

### **5.2 Limitations, recommendation and future direction**

Several problems and challenges were encountered while conducting this research. First, the researcher was restricted by time, limited sample and the COVID-19 situation, which interrupted research conduction and process. Also, access to the participants and obtaining permission for the research were a major challenge, as it took time to contact participants and ask for their permission, then distribute the questionnaire, and finally analyse the information. Second, the researcher determined the choice of a more efficient method, such as the questionnaire, instead of the more time consuming focus groups or participant observation.

Third, there was a scarcity of research on the issue of Omanisation and its impact on small and medium enterprises. Especially in the Sultanate of Oman there is no research on this topic and the pieces of literature were few.

### **5.2.1 Recommendations:**

1. Provide incentives, support and facilities to small and medium enterprises, especially those that adhere to the Omanisation criteria.
2. Establish a single central body to manage the education and training process to keep its outputs in line with current and future market requirements.
3. Develop plans aimed at replacing the expatriate with the national workforce through deliberate programmes of education, training and rehabilitation during specific time periods.
4. Encourage and support innovation, scientific research and development in small and medium enterprises and instilling a culture of entrepreneurship in universities and schools.
5. Reduce the privileges gap between work in the private sector and the government sector.
6. Gradually apply the job replacement process for foreign employees and replace them with citizens who are trained and qualified in order to maintain the quality and efficiency of the work performed.
7. Require companies implementing large projects to allocate a percentage of the bid value to small and medium projects, for example 10%.
8. Develop procedures for the unit window at the Ministry of Trade and Industry to serve small and medium enterprises so that all their services can be accomplished electronically and in one place.
9. Increase credit facilities through a set of measures, including allocating a certain percentage of commercial loans to small- and medium-sized enterprises and establishing facilitation measures.
10. Broadcast a package of interactive economic media programmes specialised in developing the culture of self-employment through existing television channels or by launching an economic television channel that includes entrepreneurship in school curricula and educational programmes.

11. Support the implementation of student activities in cooperation with the private sector in the field of entrepreneurship and establish an innovation centre under the umbrella of the Scientific Research Council. One of its interests is to be converting ideas and innovations into products and business.

12. Develop the participation of national workers in the private sector and link education, training and employment in order to enhance the competitiveness of national workers in the labour market.

### **5.2.2 Direction for future research:**

1. Study the impact of Omanisation on large enterprises in the Sultanate of Oman.

2. Study the impact of government support for small and medium enterprises in the Sultanate of Oman.

3. Study the role of small and medium enterprises in absorbing and resettling manpower.

4. Study the impact of community culture on establishing small and medium enterprises.

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