

IN-COUNTRY VALUE (ICV) – ENTREPRENEURIAL OPPORTUNITIES IN THE COMPANIES OF OMAN

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Abstract

Purpose

The objectives of the study are to analyze the opportunities created for the new entrepreneurs through the In-Country Value (ICV) scheme; to analyze the benefits earned by the entrepreneurs through ICV in the selected companies of Oman and to critically analyze the impact of in-country value in the economic growth of Oman.

Design/methodology/approach

To carry out this research study, exploratory approach was adopted. Secondary data were obtained from seven selected companies in Oman, and the data was collected from the four perspectives of ICV, and the collected data was analyzed, and the conclusion was drawn.

Findings

The study reveals that ICV initiatives have brought a great change in the local economy through enhancement of human skills and exploration of the capabilities of human resources and the potentialities of SMEs and the ICV strategy opens opportunities to the new entrepreneurs from the local community to come up with self-employment and encourages local entrepreneurs.

Research limitations/Implications

The study reveals that the selected companies are following their own pattern of plans, programs, and strategies and there is no uniform pattern to adjudge their performances. The Ministries should define clear guidelines and periodic reports should be generated and should be publicized that will boost up the morale of the budding entrepreneurs and the local Small & Medium Enterprises (SMEs).

Social implications

The study reveals that the ICV strategy adds value to the growth of local economy and thereby the national economy through the efforts of SMEs of Oman.

Originality/Value

No one has ever examined the effect of ICV strategy in the local and economic development of Oman, it is a first-hand study of its kind, and the results will be useful to streamline the strategies for ICV initiatives.

Keywords -- In-Country Value, Human Resources, Local Community Development, Local Procurement, Capital Investment, Small and Medium Enterprises, Entrepreneurs.

Introduction

Most businesses start out as small which then have the opportunity to grow to become a major business potential within the country, region and internationally. The concept of In-country value (ICV) and the related strategy for the Oil and Gas (O & G) industry was introduced in 2013 to resolve US\$ 64 billion payouts of the national economy and to create 50,000 jobs by 2020. ICV is defined as 'the total spent in-country that can benefit business development, contribute to the human capacity development and stimulate productivity in the Omani economy' (Al Ruqaishi, 2016). The idea is that the total spent retained in the country will benefit the growth of businesses and enhance the human capabilities and accelerate the productivity of goods and services. Thus, we can say ICV is the initiative to explore the domestic resources to put into use optimally to accelerate the national economy. For this purpose, about 53 different business opportunities were recognized. ICV is a very important part of Oman's development strategy. The government of Oman introduced ICV to enhance the socio-economic development of the country by augmenting the contribution from Oil & Gas (O&G) Sector. The ultimate motive is to trigger the economic growth in the economy and to maintain sustainable development using local sourcing. This includes local employment of Omanis and creating a job for them, using local investments towards value-added opportunities and local sourcing of goods and services towards productivity. Social

capital and networks are ease exploring business opportunities and inspire individuals to become entrepreneurs (Park, Sung, and Im, 2017).

Components of ICV

ICV mainly focuses on four elements viz. Capital investment, Procurement, Human Resources and local development and thus the related objectives are

- To maximize local investments
- To maximize local procurement of goods and services with quality and price compliance constraints
- To identify, recruit, train and develop local talents and
- To maximize the impact of local communities through a wide range of actions.

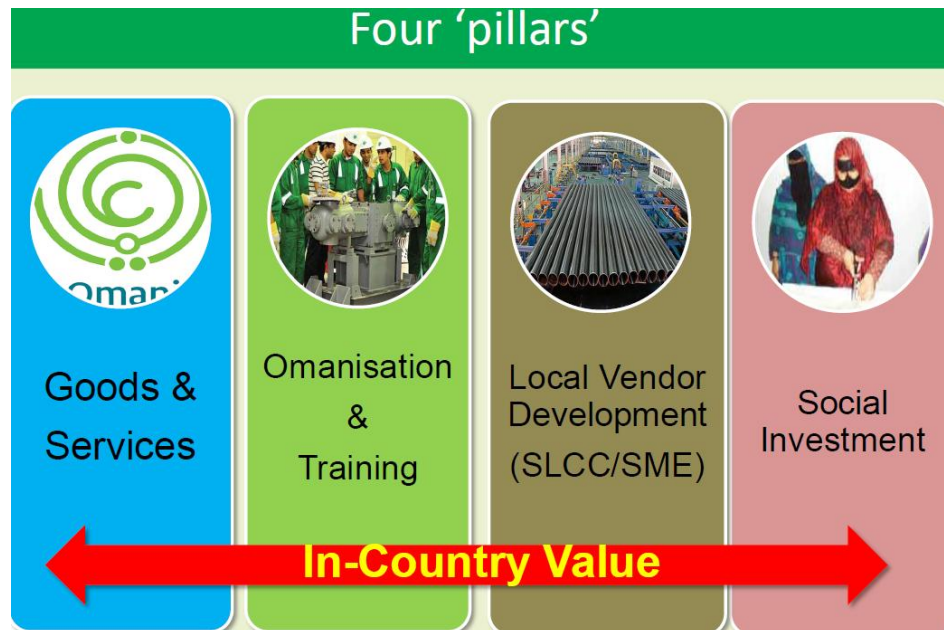


Fig.1 Four pillars of ICV (source: PDO)

ICV Tools

To achieve the above objectives, ICV is adopting various tools viz.

- Investment in fixed assets & Development of a local source of investments– for capital investment purpose;
- Local Sourcing of goods and subcontracted services & Development of national suppliers – for Procurement purpose;
- Implement adapted HR procedures and diverse programs – for Human Resource purpose, and
- Development of national training, education, and R&D institutions – for Local development purpose.

ICV backs Small and Medium Enterprises (SMEs)

SMEs are considered the backbone of any nation and SMEs in Oman are working in various sectors of Oman, striving within the nation, and crossing the boundaries. These local companies are coming up with innovative entrepreneurial concepts adding value to the national economy of Oman, and thus every company is likely to look for such made in Oman goods and services. Oil and Gas (O & G) industry is also no exception to it. ICV opportunities will be a big boon for such local companies and SMEs. One of the primary motives of the ICV initiative is to bring all the local companies and SMEs into one common platform. It will be useful to know the impact of the ICV program and the performances of the companies involved in implementing ICV program. Further, it will also be helpful to know whether the implementation of such ICV initiatives are truly executed or seldom-in paper and therefore there is a need for the study.

Review of Literature

Khan (2014) stated that entrepreneurs are the backbone of any country as they always look for exploring the business opportunities, which enables them in developing the economy of the country. Lentjushenkova&Titko (2017) found that micro-companies and new companies have limited amount of resources for development. Indeed, many countries started indoctrinating the entrepreneurial spirit in the minds of their citizens through educating and helping them to evolve with new business activities (Bindah&Magd, 2016). The Government of Oman is continuously working on developing the entrepreneurship infrastructure (Yarahmadi&Magd, 2016). The fullest concentration is on cultivating

entrepreneurship in the SMEs to achieve sustainable growth of economic development in Oman in the form of increased growth, equity and employment ([Al-Lawati](#), 2017). Ministry of Education in Oman had also endorsed introducing entrepreneurship teaching in class nine itself so as to enable the individuals to identify and explore the business opportunities ([Ali et al.](#), 2017). [Khan& Krishnamurthy](#) (2016) claimed that the spirit of entrepreneurship is subdued by the perception that the entrepreneurs do not possess sufficient knowledge and capital though plenty of opportunities persist. Entrepreneurs have individual-specific resources that facilitate the recognition of new opportunities and the assembling of resources for the venture ([Alvarez & Busenitz](#), 2001). Opportunity is a central concept within the entrepreneurship field ([Short et al.](#), 2010). [Baronand Ensley](#) (2006) suggested that the recognition of new business opportunities often involves pattern recognition - the cognitive process. As per [Choi, Levesque & Shepherd](#) (2008), changes in legitimacy and competition are based on how entrepreneurs manage their knowledge for the business opportunity. [Ardichvili, Cardozo, & Ray](#) (2003) identified entrepreneurial alertness as a necessary condition for the success of the opportunity identification. Opportunity exploitation is a necessary step in creating a successful business in the entrepreneurial process and entrepreneurs begin exploiting business opportunities ([Choi, & Shepherd](#), 2004). [Shane](#) (2000) stated that entrepreneurs do not always select between alternative market opportunities and the source of entrepreneurship lies in differences in information about opportunities. Large firms in alliances with entrepreneurial firms gain access to new technologies, state-of-art engineering talent, and an overall inventive capability ([Alvarez& Barney](#), 2001). [Nijaki&Worrel](#) (2012) demonstrated that the procurement for the economic development should be through the use of buying local efforts and campaigns. [Pringle](#) (2013) demonstrated that there is a real economic advantage of purchasing from local suppliers as the local economic development will strategically be beneficial and will be in line with many social and environmental goals. [Zhang](#) (2007) evidenced the fact that the entrepreneur knows the true value of a proposed idea and can implement it. Entrepreneurship involves identifying and exploiting entrepreneurial opportunities. This calls for an integration of entrepreneurial and strategic thinking ([Hitt et al.](#), 2001). Strong social capital and networks facilitate finding business opportunities and encourage individuals to become an entrepreneur. [FSB](#) (2012) recommended adopting a procurement strategy to procure from local small businesses to ensure that they have the initiative to support local SMEs with the tender process and to develop a supplier base to support the creation of new businesses and to support the development of local labor through apprenticeships. [Marchese&Poter](#) (2010) claimed that the local development by local entrepreneurs could be cherished specifically in human capital and labor market through focussing on three key issues viz. Education, the potential contribution of vocational education and Training programme for entrepreneurs. [Sevilir](#) (2010) showed that investment in employee human capital could improve employee motivation, encourage innovation and increase growth. [Budhwar, Al-Yahmadi, Debrah](#) (2002) highlighted the growing emphasis on human resource development (HRD) and the strategic approach to such HRD initiatives at a national level in Omani firms. [Bruns](#) (2014) evidenced that the forces of either strategic or administrative patterns refer to different layers and the sequencing of HRM activities within a process of HR system change. [Uyar&Deniz](#) (2012) investigated the “Entrepreneur Support Programme” in Turkey and confirmed that the human resource management practices and procedures could help the entrepreneurs to navigate their companies elevating the economy to a higher level. The above literature review guidelines the perspectives of the study towards human resource, capital investment through local procurement and local community development.

Research Methodology

For the research analysis, primary data collection was initiated. However, due to confidentiality issues, data could not be obtained. Therefore, the researcher adopted an exploratory approach to complete the project by using case study analyses. For this purpose seven selected companies viz. Abraj Energy Services (AES), Occidental Petroleum Oman (Oxy), Petroleum Development of Oman (PDO), Oman Gas Company (OGC), Oman Oil Exploration & Production (OOCEP), Oman Oil Refineries and Petroleum Industries Company (ORPIC) and Oman Cables Industry (OCI), were considered for the study. The secondary data was collected from these companies from the four perspectives of ICV. The collected data was analyzed, and the conclusion was drawn.

Findings

DEMOGRAPHIC DATA

Table.1 Demographic details of the respondents

Characteristics		Freq.	%
Company's Main activity	Service	1	14.3
	Construction and contracting	0	0

	Transportation and Storage	0	0
	Financial and businesses services	0	0
	Manufacturing	1	14.3
	Petrochemicals	5	71.4
Type of the Company	Fully owned by Government	0	0
	Private	0	0
	Government Partnered	6	85.7
	Others	1	14.3
Primary Product and service	Oil & Gas	6	85.7
	Telecommunication	0	0
	Electricity	0	0
	Metals	0	0
	Others (specify)	1	14.3
Company target / customer	Domestic	1	14.3
	Regional	0	0
	International	6	85.7
	Multinational	0	0
Engagement in ICV	YES	7	100
	NO	0	0
Report Issuance	Yes	1	14.3
	No	6	85.7
ICV annual Report issued	Yes	0	0
	No	7	100.0
Publishing ICV report	On company website	1	14.3
	Through Newspaper	0	0
	On other Media	6	85.7
Company ICV initiatives	Third Party Audited	0	0
	Report on the company	1	14.3

	website		
	Annual CSR Report	6	85.7
ICV is the responsibility of every company	Yes	7	100
	No	0	0
The company involves in ICV activities through Capital Investments	Yes	5	71.4
	No	2	28.6
The company involves in ICV activities through Procurement	Yes	7	100
	No	0	0
The company involves in ICV activities through HR	Yes	7	100
	No	0	0
The company involves in ICV activities through Local Development	Yes	7	100
	No	0	0
Omanization rate	≤ 70%	1	14.3%
	70% - 80%	3	42.8%
	80 – 90%	2	28.6%
	>90%	1	14.3%

Source: Questionnaire

CASE STUDY ANALYSES

CASE I. ABRAJ ENERGY SERVICES (AES)

The operations of AES commenced in 2006 and AES has grew from the company of having 500 employees to more than 2200 employees. Through ICV, the company aims to trigger economic growth and retain the economic development of the country through exploring human resource potentialities, improving local capabilities through employing local sourcing.

Omanization& Training at AES

The employment of Omanis in the company has steadily increased at a different level in the organization. The present Omanization rate is 84%. AES is persistently working on providing quality structured training programs to their workforce to improve their skills and competency of in the areas of Operations and Maintenance (O & M), Electrical, Mechanical, and drilling. AES aims to provide sufficient knowledge and skills for effective engagement. All the training programs are offered in-house at the existing training center, and the offered training programs are internationally accredited ones from International Association of Drilling Contractors (IADC) and the International Well Control Forum (IWCF).

Table.2Headcount Percentage - AES

Categories in 2016	Expatriates (%)	Omanis (%)
Senior Management	0.77	19.0
Professional	55.69	30.85
Supervisory	21.39	65.15
Skilled	5.59	80.31
Semi-skilled	0.25	80.52
Unskilled	0.0	75.96
Total		73.95

Source: AES Dashboard

Table.3 Training Percentage - AES

Categories/Year 2016	Expatriates (%)	Omanis (%)
Senior Management	1.18	1.07
Professional	10.54	15.42
Supervisory	4.62	39.93
Skilled	2.46	52.02
Semi-skilled	0.91	37.55
Unskilled	0.32	16.35
Total		55.45

Source: AES Dashboard

Goods & Services at AES

To achieve the ICV objectives, AES gives priority to national sourcing of goods and services – procurement of goods manufactured in Oman and services provided by local Omani companies through Nationally Registered Suppliers (NRS). AES has a list containing more than 200 approved local suppliers of which majority is SMEs and Local Community Contractors (LCC) operating within the O & G areas. These companies are given chances to participate in tenders based on their expertise.

Table.4 Man Hour Percentage - AES

Categories/Year 2016	Expatriates (%)	Omanis (%)
Senior Management	0.74	0.54
Professional	54.38	30.88
Supervisory	20.47	63.57
Skilled	5.67	78.95
Semi-skilled	0.62	78.87
Unskilled	0.33	74.03
Total		72.56

Source: AES Dashboard

Table.5 Services (USD) Percentage

Total / Year	2015	2016
Nationally-Registered Suppliers(NRS)	74.33	76.75

Source: AES Dashboard

Table.6 Goods (USD) Percentage

Total / Year	2015	2016
Made in Oman goods	14.35	19.83
Non-made-in-Oman goods (sourced from NRS / III party sub-contractors / suppliers)	41.1	39.17

Source: AES Dashboard

AES activities surpass the targets of ICV as AES understands the importance of ICV.

CASE II.OCCIDENTALPETROLEUM, OMAN (Oxy Oman)

ICV initiative and SME Development Programme

Oxy Oman provides support to improve the capacity and growth potential of Omani-owned SMEs. Oxy Oman launched an ICV initiative and SME development program in the year 2013 to nurture economic development and job creation for Omanis as Oxy Oman considers SMEs as an essential source of economic growth and job creation. The program

includes non-financial assistance in the form of business planning, policy development, hiring personnel, technical assistance and product launch training.

ICV strategy

Oxy Oman's support, along with that of the Ministry of Oil and Gas (MOG), Oman has established a strategy to improve the ICV contribution made by the O & G industry to the economy of the Sultanate of Oman. Oxy Oman's ICV strategy aims at improving Omanization together with the absorption of Omani goods and services with the focus on the components viz. technology, human resources, contracting and procurement & business development. The strategy includes training and development, acceleration of transferring skills and technologies, providing long-term contracts to local companies and enabling them to set up businesses.

SMEs Achievement

Some of the participating SMEs has achieved up to 94 % increase in contract value and few others up to 100 % growth in employment. Oxy Oman has purchased around \$2.1 billion in goods and services from almost 600 Omani suppliers, representing nearly 74 % of the business unit's total suppliers. Oxy's local purchase (2015) was 88% of its total expenditures.

Table.7Omanization rate – Oxy Oman

	Before joining SME	As of Oct.2016	% Increase
	program		
Total	64 %	68 %	6.25

Source: Oxy Website

Special services for SMEs

Oxy Oman has considered the development of SMEs not only from the employment opportunities point of view but also for developing in-house technical skills as well. Oxy Oman has established a specialized consultancy service to assist SMEs in building up their organization with experienced workforce to enable them to understand the market conditions and the growing technologies in the O & G sector. Guiding with such good internal practices help SMEs to develop continuous improvement processes to make them retain their position in the market and to become cost-effective. This has made Oxy Oman obtain services and supplies with quality and competitive price.

Table.8 Workforce program participation SMEs – Oxy Oman

	Before joining SME	As of Oct.2016	% Increase
	program		
Expatriates	93	144	54.84
Omanis	52	68	30.77
Total	145	212	46.2

Source: Oxy Website

Table.9 Total Contract value (MM USD) – Oxy Oman

	Before joining SME	As of Oct.2016	% Increase
	program		
Total	35	120	242.86

Source: Oxy Website

Local Community Contractors (LCC) Program

Oxy Oman supports its vendors through its Local Community Contractors (LCC) Program. The program boosts local contractors to compete with others for sustainable resource management and skills development. In the year 2015, the contribution of local contractors through LCC program was more than \$40 million.

Youth Development Programs

Oxy Oman contributes to youth development as part of ICV initiative as it plays a key role in the future development of the human capabilities. Oxy Oman is fully sponsoring Al Roya Youth Initiative Awards, organized by Al Roya & Publishing LLC to stimulate young people to unleash their potentialities and to highlight their creativity and innovative skills. During 2015, more than over 200 youth were involved in the activities such as innovations in robotic science,

solar energy, electronics & science, culture & literature, media, software development, social works, and arts. Oxy Oman also sponsors the annual programme organized by the Environment Society of Oman to develop youth public speaking skills and improve personalities. In 2015, more than 160 students from 24 colleges and universities of Oman participated in the program.

Table.10 Spending on Training (USD) – Oxy Oman

	Personnel	% Increase	Amount (USD)	% Increase
Soft skill Training	74	68.5	55000	11.2
Technical Training	34	31.5	435000	88.8
Total	108	100.0	490000	100.0

Source: Oxy Website

CASE III.PETROLEUM DEVELOPMENT OMAN (PDO)

PDO & ICV

PDO has been involved in recruiting, training, and investing within Oman for the past four decades. It aims at sharing the welfares of the O & Industry through its ICV strategy. PDO's ICV strategy introduced in 2011 aims atomization of skilled contracting personnel, enhancing the procurement of Omani goods and services and local vendor development. Local development is the key to the success of the overall ICV strategy. Thus the objectives focused during strategy implementation are – a) to provide support to local firms; b) induce more SMEs; c) attract more internal suppliers; d) maintain more transparency and visibility across the supply chain and e) to build good long-term relationships.

Mission and Industry Standards

A mission was setup that aims at improving the capacity and capability of the local firms engaged to achieve cost reductions, continuous improvement towards economic growth and job creation. Thus, PDO has established new standards for O & G industry that aims at maximizing- employment and training opportunities to Omanis; spending on Omani goods and services; local procurement to boost local export industries; harmonization of vocational/professional education and training.

Vendor Development Program

Vendor development program has been designed to benefit the objectives and the standards of O & G industry. The main objectives are a) to support local business without deviating from the scope; b) to support local businesses to come up with innovation; c) to support them to penetrate into new markets; d) to support them to obtain certifications or accreditation; e) to support them to become qualified in the Joint Supplier Registration System (JSRS).

Joint Supplier Registration System

JSRS is one of the ICV initiatives of the O & G industry lead by MOG in association with leading companies in Oman called Operators. PDO takes a major lead in JSRS. This came into effect from 30th June 2014. The system shares with all the operators, the list of suppliers who were approved after qualifying the eligibility criteria.

JSRS provides – a) a single supplier system (with online registration); b) a database of all the O & G operators in Oman; c) transparent business opportunities; d) easy means of repairing and fabrication works; e) exposing Omani firms to global markets; f) efforts to increase their competencies and g) initiative towards OPAL's CVC certification.

PDOs Monitoring and Reporting System

PDO is the first and the prime operator in developing an ICV data collection system and implementing it. The purpose is to monitor the ICV performance of the contractors. This is a web-based system easily accessible by the contractors containing the performance details. The ICV Monitoring and Reporting System (MRS) provides – a) a single tracking facility, b) analysis report on local contracts, c) measurement for contractor's performances, d) minimizing the time effort for the above and errors and e) automation of workflow therein.

Local Community Contractors and Super Local Community Contractors

In the year 1998, PDO launched Local Community Contractors (LCC) initiative to give opportunities to those living in their area of operation. Thus, the scope of bids and contracts were designed in alignment with these local community initiatives in various fields, and more than three thousand Omanis were working in these initiatives. During the year 2015, locally registered firms were engaged in the US\$3.7 billion worth contracts. Initiatives in the form of technical assistance, specification counseling for the supply of goods and services, repairing establishments and local engineering

services were triggered. The company set-up 15 focal points within PDO to trigger ICV initiative. In every directorate, the team members render the ICV advice; do the evaluations and ICV promotions.

PDO has also launched five Super Local Community Contractors (SLCC), which operate in large scale. The SLCCs are businesses work on elevators/winches, well interventions and replacement of flow line– collectively have around 9,300 stakeholders, all operating in the PDO concession areas. Ring-fenced work in contracts allotted to every SLCCs covering PDO's business. The SLCCs engaged more than 700 employees and contracts valued US\$640 million. Their combined share capital has crossed RO 23 million. PDO has formed a special team to help the SLCC to identify and develop business opportunities.

Table.11 Skill wise Classification – PDO

Skill-level	Omanis	Expatriates	Total	Omanization %
Manager	915	261	1176	77.8
Supervisory	936	1988	2924	32.0
Inspector	186	918	1104	16.8
Engineer	2271	3606	5877	38.6
Technician	3097	2219	5316	58.2
Operator	3166	987	4153	76.2
Semi-skilled	2424	6488	8912	27.2
Unskilled	4456	5131	9587	46.4
Total	17451	21598	39049	44.7

Table 12. Sector-wise Classification - PDO

Sector	Omanis	Expatriates	Total	Omanization %
Construction	4050	12160	16210	25.0%
Service Providers	9494	6497	15991	59.4%
Oil and Gas Companies	5630	3361	8991	62.6%

CASE IV Oman Gas Company (OGC)

Workforce & Omanization

Skilled personnel is the primary key factor for the economic development of a country and the ICV strategy of OG is centered on this principle that aims to take its country and its people towards growth. OGC has scored the highest Omanisation rate of 93% and has been acknowledged by the government for its trained and competent Oman workforce.

ICV Plan

To promote ICV, OGC pays more attention towards supporting SMEs and considering this in its framework, several successful initiatives have been triggered. OGC has drawn an active plan containing standard terms and conditions for major Contracts. OGC educates its contractors the benefits of ICV towards the country and educates to track and audit the advancement. The company is a member of JSRS, promoting the centralization of vendor's registration in the O & G sector, providing better access for SMEs and locals.

ICV effect on OGC

OGC is an active member of the ICV committee headed by the MOG. While most people continue to believe ICV has a high-cost implication, OGC has proven through its Duqm Gas Supply contract that ICV has a low-cost implication.

Table.13 Total Contract Value –OGC

	2015	%
SMEs	285,360	100.0

Source: Oman Gas Company Website

Table 14.Total number of Contracts – OGC

	2015	%
Local Firms	29	78.4
SMEs	4	10.8
International firms	4	10.8
Total	37	100.0

Source: Oman Gas Company Website

The coating for the Duqm project was done by a local company which has resulted in cheaper cost for OGC.

Investment in Human Resources

The wellbeing and the development of its employees are one of OGC's basic principles. Through investing in people, the philosophy of OGC reflects its values. OGC strongly believes that a happy work environment will create a productive workforce. Thus, OGC considers training its employees as its top priorities. OGC has a well-defined development plan for both technical and soft skills training. During 2015, OGC reached its 99% target on its mandatory training. Tatweer is one such special HR programme that enhances the employee competencies through on-job-training, professional and certified training programmes, accredited international certification, short or long term allotment in local or international sister companies. On these lines, a Leadership team development program was also organized. Also, the corporate services held a team-building workshop titled 'Tafaoul' for its employees to enhance communication and trust building skills. The company also conducted an orientation workshop in Salalah entitled "Contractor's Community Focus" aimed to acquaint with the local community in Salalah, companies, and contractors with the opportunities generated by the project.

Table 15. Change in number of employees, Training hours –OGC

	2014	2015	% Increase
Training Hours	26856	49504	84.3
No. of employees	377	421	11.7
Average Training Hours	71	118	66.2

Source: Oman Gas Company Website

Training Youth

OGC tries to supply better-educated and skilled workforce to Omani job market and thus engages young graduates through internship offering special training programs to build such competencies. OGC organizes numerous fairs and programs – Sultan Qaboos University (SQU) career and training opportunities fair, Sohar career fair and the Inspire Award - College of Science, SQU. OGC also supports the Government HR competency development programme, governed by the Ministry of Civil Service and sponsored by MOG.

CASE Oman Oil Company Exploration &Production (OOCEP)

OOCEP implemented ICV initiatives to optimize ICV and contributed to Omanisation, Omani development and the creation of small local entrepreneurs. Through ICV, OOCEP supports local contractors and suppliers by using goods produced in Oman and the services provided by Omanis.

Training and Development Programs

For job enrichment and improving skills, OOCEP conducts professional training programs for its employees. Human Capital Department (HCD) had conducted a variety of training programs for more than 16000 hours. For building a competent workforce, setup HCD was continuously working on developing a framework for the same. To name a few, programs such as Takatuf's Leadership Development Program meant for mid-level managers. HCD also concentrates on developing the skills of talented employees in exploring their potentialities. A special program called Petro-skills Competency Analysis Tool (CAT) was in effect from 2013, and more than 200 technical and support workers progressed in their competency levels.

Special Leadership Development Programs

OOCEP continuously aims at managing the talents of its potential employees. It has drawn a talent management plan to build the capabilities of the workforce. Few of such specially designed programs are Collaborative Programmes and Joint Venture Partnership Programmes (with groups companies of Oman Oil Company).

Table 16. Workforce Planning and Omanization

	2014	2015	% inc/dec
Omanization	72%	75%	Increase by 4.2%
Voluntary Turnover rate	8%	6%	Decrease by 25%

Source: OOCPE – Annual Report

Supply Chain Management & ICV

In 2015, ICV had taken a prominent position in the supply chain management of OOCPE and obtained full consideration in awarding contracts. As a best practice on supply chain management OOCPE executed rolling out and optimization of ICV. It has geared up the timely delivery of materials from potential local suppliers. OOCPE is paying more attention to ICV commitment to LCCs and SMEs.

CASE VI Oman Oil Refineries and Petroleum Industries Company (ORPIC)

Involvement of ORPIC in ICV

The state-owned company – ORPIC fully supports the national ICV initiative and involved in ICV committee formation by the MOG. The company has introduced ICV into its business plan, considering its major projects over the years to come.

ICV Strategy

ORPIC's ICV strategy aims at maximizing ICV through supporting business development, human capital, and production in the national economy. An ICV unit confirms whether the materials procured by ORPIC is made in Oman and developing human capital in all its projects – with a confirmation of 30 percent Omanization done in all the categories and levels of its project workforce deployment. Thus, ORPIC adopts the ICV Committee's specific initiatives to cover the development of a local workforce; increase in the local sourcing of goods and services; enhancement of the business environment and infrastructure development; implementation of JSRS and defining a standard for the contractors. Further, utmost attention is paid to the sustainable development of Omani SMEs through necessary support when they are directly linked to ORPIC's business.

ICV Commitment

During the year 2012, 47% of the total purchase of ORPIC was spent within Oman. During 2015 and 2016, ORPIC committed 10% of its Oman contracts and procurements exclusively in Al Batinah region. Suhar Refinery Improvement Project (SRIP) continues to lead through contributing 15% of its value directly into the ICV, i.e., directly elevating the national economy by around the US\$375 million. In fact, ORPIC is planning to strengthen ICV and local employment through its mega project - Liwa Plastics Industries, with a total capital expenditure of \$6.5 billion.

Sponsoring ICV projects and SMEs

ORPIC has sponsored three business opportunities promoted by its ICV Programme Management Office, two of which are suitable for SMEs. The opportunities are – a) Fabricating and scaffolding services, b) Purchase of commodity chemicals and c) Tank maintenance and cleaning. These projects would create lots of job opportunities and hundreds of million dollars' worth ICV. Procurement team started to ring-fence some tenders suitable to SMEs, with an assurance of 10 percent allocations to local businesses. ORPIC has allocated a certain scope for SMEs /local suppliers, presently executed by international suppliers. Local / SMEs are expected to benefit from these business opportunities immensely.

Table.17 ICV Performance Details - ORPIC

Categories/Year 2017	Amount
Omanization	11605593.58
Training	178695.6496
Goods made in Oman	2741580.538
Goods Non-made in Oman	1481000.678
Services	18728308.72
Supplier Development	567110.8817
Total ICV Achievement in 2017	35302290.05

Source: PDO

Table.18 ICV Achievements - ORPIC

Categories/Year 2017	Amount
Capital Investment in Oman	184389608.01
Total Spend in 2017	108558359.2
Total ICV Achievement in 2017	35302290.05

Source: PDO

Table.19 ICV Achievement Rate (Percentage) – ORPIC

	2017
Actual achievement rate Vs. Orpic Spend in 2017	33 %

Source: PDO

CASE VII Oman cables industry, SAOG (OCI)

OCI leads the implementation of ICV into the Sultanate of Oman since 1984. OCI has included the objectives and considerations of ICV, which was visioned by the His Majesty Sultan Qaboos for the welfare of Oman.

Capital Investment & Procurement

OCI has the world leader in the cables manufacturing as its partner and it keeps investing in fixed assets locally.

To be in line with ICV norms, OCI aims to maximize procurement of local goods and services. OCI continues to maximize its local sourcing of goods and contracting services towards the development of national suppliers especially SMEs.

Table.20 Total number of Contracts – OCI

	2015 (RO in millions)
Local Content	111
Tax value	2.1
Exports	115.6
Investment in Fixed Assets	48.7

Source: OCI Website

Human Resources & Local Development

OCI aims at identifying, recruiting, training and developing Omani youth in their workforce. OCI continues to maximize the training of Omani nationals through supporting their studies and internal training.

OCI continues to maximize the local community development through providing and creating wide range opportunities. Therefore, OCI contributes to Ministry initiatives and promotes international standards and technology.

Omanization, National Training Development for ICV & Succession Planning

As a pioneer of the non-oil industry, OCI possesses Omanis working in its entire facilities. OCI aims at knowledge growth and provides dedicated training through development programs to enhance and retain OCI's human talent - local Omani talent.

Table. 21 Workforce Planning and Omanization

	2010	2015	% inc/dec
Omanization	70%	43%	Decrease by 38.6%

Source: OCI – Annual Reports

Further, to increase employing potential Omanis, OCI has introduced succession plans for almost all positions.

Table.22 General Features of ICV

Category	AES	OXY	PDO	OGC	OOCEP	ORPIC	OCI	TOTAL
Omanization	X	X	X	X	X	X	X	7
ICV Strategy	X	X	X	X	X	X	X	7
Total	2	2	2	2	2	2	2	14

Table.23 Human Resource Development Programs under ICV

Category	AES	OXY	PDO	OGC	OOCEP	ORPIC	OCI	Total
Training - Employees	X	X	X	X	X	X	X	7
Exclusive Training for SMEs		X				X	X	3
ADC Certification initiative to own employees	X							1
IWCF Certification initiative to own employees / Accredited Certification	X			X				2
Youth Development Program		X				X	X	3
Career Training Fairs				X		X	X	3
Special Training Programs				X	X	X	X	4
Students' Internship Programs				X		X		2
HR Competency Development Programs				X	X	X	X	4
Tatweer - HR Development Program				X			X	2
Leadership Development Program				X	X	X		3
Tafaoul-Team Building Workshop				X				1
Collaborative Programs					X			1
Partnership Programs					X			1
Competency Analysis Tool					X			1
Occupational Health and Safety Workshop	X	X	X	X	X	X	X	7
E-learning program through Tanweer							X	1
Total – HR	4	4	2	10	8	9	9	46

Table.24 Local Development Programs under ICV

Category	AES	OXY	PDO	OGC	OOCEP	ORPIC	OCI	Total
Engagement of Local Human Resources	X	X	X		X	X	X	6
Exclusive SMEs Program/Special Services for SMEs		X		X		X	X	4
Local Community Contractors Program / Vendor Development Program		X	X		X	X		4
Contractors Community Focus WS-Salah				X				1
Colleges/Univ. Fairs/programs						X		1
ArRiyada Program						X		1
Community visit to SRIP						X		1
On Job Training						X		1
Total - Local Development	1	3	2	2	2	7	2	19

Table.25 Local Procurement Programs under ICV

Category	AES	OXY	PDO	OGC	OOCEP	ORPIC	OCI	Total
Approved List of Local Suppliers /contractors	X		X	X	X	X	X	6
Services from Nationally Registered Suppliers	X		X	X	X	X	X	6
Made in Oman Goods	X			X	X	X	X	5
Super Local Contractors Committee			X	X				2
ICV roadshows for SMEs		X	X	X	X	X		5
Total – Procurement	3	1	4	5	4	4	3	24

Table.26 Investment Programs under ICV

Category	AES	OXY	PDO	OGC	OOCEP	ORPIC	OCI	Total
Joint Supplier Registration System			X	X		X		3
CV Monitoring and Reporting System			X			X		2
Capital Investment	X					X	X	3
Total – Investment	1	0	2	1	0	3	1	8

Table.27 The company-wise summary of all the activities under ICV

ICV activities	AES	OXY	PDO	OGC	OOCEP	ORPIC	OCI	Total
Human Resource Development	4	4	2	10	8	9	9	46
Local Development	1	3	2	2	2	7	2	19
Local Procurement	3	1	4	5	4	4	3	24
Investment	1	0	2	1	0	3	1	8
Total – Procurement	9	8	10	18	14	23	15	97

Chi-square Tests

	Value	df	Asymp.sig. (Sig. 2 sided)
Pearson chi-square	14.1	18	0.725
No of valid cases	97		

It is evident from the table above that the null hypothesis is rejected (as p-value> .05) which confirms that there is no relationship between the ICV activities and the selected companies, i.e., The selected companies are involved in ICV activities, and there is no inter-relation between them.

Findings and Conclusion

Strategy

It is observed that all the selected companies are aggressively involved in implementing ICV, and every company has derived its own ICV strategy and plan for the same.

Training

All the selected companies are striving to train their employees to explore the optimal potentialities. They are taking care of their human resources by introducing Occupational Health Safety workshops and Competency Analysis Tool to enhance their skills. They encourage their employees to obtain international certifications such as IADC, IWCF, and other similar accreditations. Majority of the companies have introduced various HR competency development programs and other special Training programs. The companies are also conducting various training schemes to train the local SMEs personnel to raise their standards to become eligible to participate in bids and contracts. They have been training Omani youth from higher educational institutions all over Oman (through various programs – youth development program, internship programs, Partnership programs and E-learning program) to prepare themselves to the future needs of the country and these companies.

Local Development

Most of the selected companies are involved in employing local human resources for their plants located at different locations in Oman. New SMEs are being considered through exclusive SME programs, and special services are provided through LCC and vendor development program to enhance their capabilities and standards. Further, ArRiyadaprogram and College/University fairs involve budding entrepreneurs and the student's community to keep abreast of the growing technologies.

Local Procurement

Most of the selected companies are having the approved list of local suppliers & contractors through LCC & Super LCC and conduct regular road shows for SMEs. They are using these resources to purchase their goods & services locally – made in Oman goods are given priority, and the self-determined target is set for that. The bigger companies encourage local entrepreneurs to enter into contracts through innovative value addition.

Capital Investment

ICV program aims at creating assets locally and nationally, to benefit the nation. Most of the companies are continuously involved in increasing their capital investment and building their fixed assets through JSRS & Monitoring and Reporting System. It is observed that the capital investment has increased to a large extent.

Conclusion

Through ICV implementation, every company aims at accelerating the economic growth, promoting human resource development and building up local capabilities by increased usage of local sourcing of goods and services.

Most of the companies have reached the Omanization target, and the rest are all galloping to achieve the target. Human resources are given top priority among the ICV elements. Every company is trying to train their internal human resources through various training programs, and attempts are being made to explore the potentialities. Efforts are also being made to elevate the local suppliers/contractors and SMEs to participate in the special programs to enhance the capabilities and the standards of the budding entrepreneurs. Local procurement and local development programs have geared the local community to involve, trained and enhance their potentialities towards raising their standards. ICV initiatives have created more assets in the form of capital investment locally. In other words, the efforts through ICV initiatives has brought a great change in the local economy through enhancement of human skills and exploration of the capabilities of human resources and the potentialities of SMEs.

Suggestions

It is observed that the companies are following their own plans and programs to implement ICV. However, there is no single measure to adjudge their performances. Few of them have published their performance results through dashboards/websites while most of them are not, as they are considering the results as confidential. Further, there is a misunderstanding between Corporate Social Responsibility (CSR) activities and In-Country Value (ICV) activities, and thus they are wrongly classified. The Ministerial authorities should define clear guidelines relates to this. It is also suggested that the periodic reports should be generated by the companies and publicized. A local or regional monitoring authority should be entrusted to each directorate to set the target for ICV to gear up the performances.

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