

Report

Labour Market Intelligence Study for Oil & Gas Sector 2017

Prepared for



الجمعية العمانية للخدمات النفطية
Oman Society for Petroleum Services



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1.0 Arabian Research Bureau

Arabian Research Bureau (ARB) was **formed** and registered in December **2003**. It is an Omani socio-economic and market research firm based in Muscat, Oman. Our core objective is to engineer custom-made market research solutions in tune with the needs of our clients. ARB is well known for facilitating fact-based decision making by means of tailored research solutions and the collection and analysis of sound data.

ARB also makes use of its wide range of **advanced statistical analysis** to ensure the quality and validity of its data such as the following:

- Correlation Analysis, Correspondence (Perceptual Mapping) Analysis, Cronbach's Alpha-Reliability Test, Discriminant Analysis, Gap Analysis, Factor Analysis, Quadrant/ Leverage Analysis, Vulnerability Analysis, Van Westendorp's Price Sensitivity Monitor Analysis, etc.

Moreover, we are recognized for the high level of value we add as data generators (in terms of **quality control**) as well as being experts of **Arab viewpoint**.

Over the years we have developed a strong field infrastructure with more than **300 interviewers** and mystery shoppers across Oman. We have also pioneered the use of the **CATI** (Computer Aided Telephone Interviews) system in Oman and have developed new services such as our comprehensive **CAPI** (Computer Aided Personal Interviews) system as well as acquiring the facility to **broadcast live online streaming** to our clients for our **focus groups**.



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ARB'S CORE SERVICE AND EXPERTISE



2.0 Research Background, Objectives & Methodology

2.1 Research Background

OPAL is the industry forum society for Oman's Petroleum Industry and a non-profit organization. More than 400 members of OPAL are made up of Oil & Gas companies, including Oil & Gas Producers & Operators, Contractors and Suppliers – large and small.

OPAL aims to provide a single umbrella body to agree and promote standards of work competence and professionalism, with the vision of raising the standards of the Oman Petroleum Industry to achieve a world-class status, compete internationally and optimize industry resources.

In December 2016, OPAL approached ARB to conduct a study to publish an Annual Report relating to the Oman Labour Market Intelligence supporting the Oil and Gas sector, other sectors and local employment.

2.2 Research Objectives

The **primary research objectives** of this study are as follows:



To understand and analyse Oil and Gas Sector **Labour Market Trends** including:

- Distribution of the workforce by position (gender mix, direct and indirect/ transient)
- Concentration of the workforce by Capital and Interiors
- Percentage of the total workforce of the companies that have links to the Oil & Gas sector business, (the construction sector, in this case).
- Future demand

To understand and analyse Oil and Gas Sector **Labour Market Dynamics** including:

- Omanisation by position
- Hard-to-recruit roles
- Hard-to-fill roles
- Skill shortages
- Employers' attitude towards workforce skills (ranked by importance, work ethics, safety behavior, technical skill, cost, employability, flexibility, etc.)
- Staff retention
- Apprentices and graduates
- Training and development



2.3 Research Methodology

ARB was expected to conduct face-to-face interviews with the Top Management (HR head or HR Manager, CEO, COO, GM) of 62-80 Oil and Gas sector companies. The report prepared below is based on the response received from 50 interviews conducted by ARB with employees occupying the 'Top Management' role in the Oil & Gas sector companies as per the list provided by OPAL.

Segment	Sample Size	
	Target	Achieved
Oil and Gas sector	62-80	<u>50</u>

- A questionnaire was prepared for these interviews which was approved by OPAL before fieldwork began. ARB used their own professional and experienced staff to conduct these interviews.

2.4 Abbreviations or Notation used

A description of the Abbreviations or Notations used in this report:

Other Skilled Manpower

- First-Line supervisors of construction trades and extraction workers
- Operating and other construction equipment operators
- Pipe-layers, plumbers, pipefitters, and steamfitters
- Service unit operators' Industrial machinery installation
- Maintenance and repair mechanics
- Pumping station operators
- Maintenance and repair workers, general
- Soldering, and brazing workers
- Miscellaneous production workers

Unskilled Manpower

- Construction laborers
- Helpers, extraction workers
- Laborers and freight, stock
- Material movers, hand

Training Categories:

- Management (M)** – Training for existing or future managers in management skills and techniques
- Technical (T)** – Skills based training of a technical nature
- HSE** – Training concerned with Health, Safety and Environmental matters
- Customer Service (CS)** – Training for customers facing employees in understanding customers' expectations, dealing with customers, handling complaints etc.
- IT** – Training in computer hardware and software
- Other (Oth)** – Any training not defined above



3.0 Findings

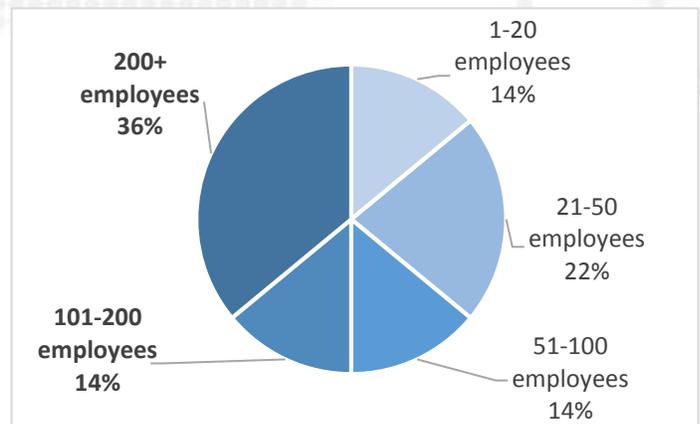
3.1 Oil & Gas Companies and their Activities

Activities	Percent
Drilling & Well-Services	22%
Oil & Gas Services	18%
Drilling	14%
Exploration & Production of Oil	6%
Oil Field Services	6%
Oil Field Supply	6%
Operation & Maintenance Contractor	6%
Oil Spill Response	4%
Oilfield Equipment & Services	4%
Petroleum Product Retail / Marketing	4%
Drilling, Well-Services, Operation & Maintenance	2%
Engineering, Consulting & Advisory Services	2%
Engineering Consultancy	2%
Exploration	2%
Fishing & Well Services	2%

- Within the Oil & Gas sector, companies registered with 'Drilling & Well-Services' constitute 22%, followed by 'Oil & Gas Services' at 18%, 'Drilling' at 14%, 'Exploration & Production of Oil' at 6%, 'Oil Field Services' at 6%, 'Oil Field Supply' at 6% and 'Operation & Maintenance Contractor' at 6%. On the other hand, report findings indicate only 2% of the target sector is registered under 'Fishing & Well-Services'.

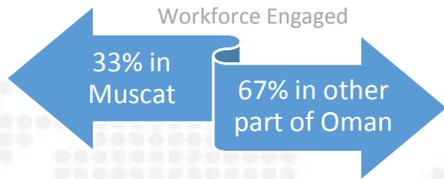
3.2 Total Number of Workforce

Research results reveal that 36% of the companies targeted have more than 200 employees, whereas 14% of the companies have more than 100 employees within their organisations. Additionally, 14% of the companies have 51-100 employees, followed by 22% companies with 21-50 employees. On a positive note, only 14% companies have 1-20 employees on average within their total workforce.

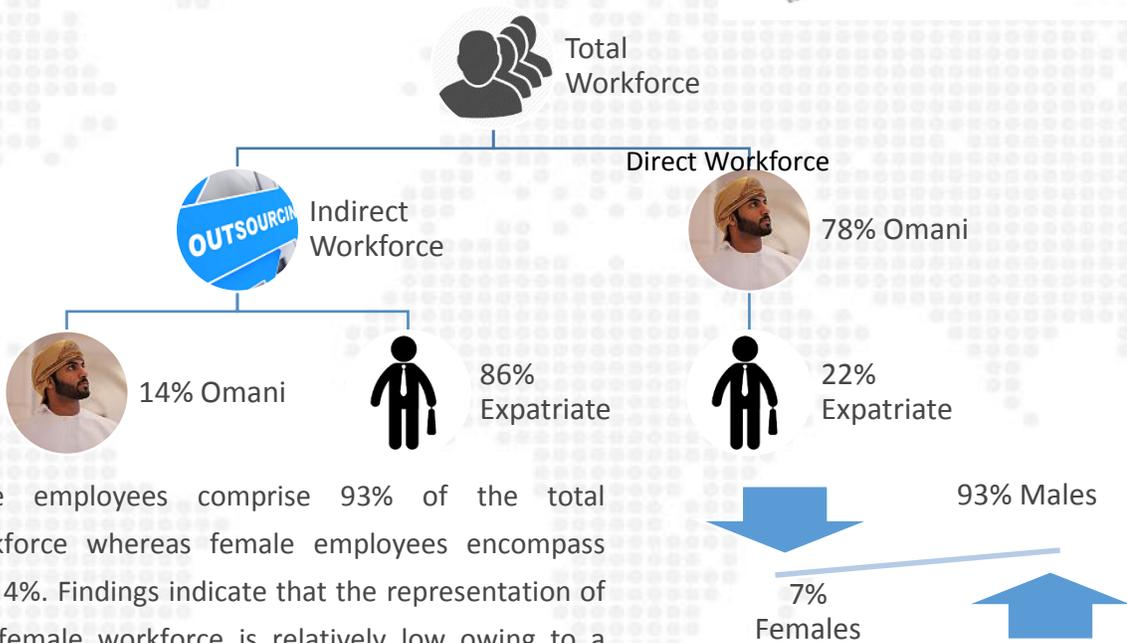


3.3 Distribution of Workforce

Findings reveal that 33% of the Oil and Gas workforce is engaged within the Muscat area, whereas 67% of the remaining workforce is engaged in other parts of Oman, mostly in the interiors.

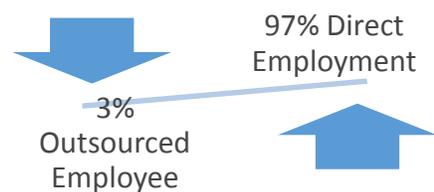


The workforce comprises of 76% Omani and 24% expatriate employees, of which Omani employees under direct employment stand at 78%, while indirect employment remains at 14%.



Male employees comprise 93% of the total workforce whereas female employees encompass only 4%. Findings indicate that the representation of the female workforce is relatively low owing to a rising demand for field and tough terrain jobs.

Of the total labour force, 97% is engaged under 'Direct Employment' while 3% come under the category of 'Outsourced Manpower'. Of the data received while under study, direct employees totalled 17,071 numbers whereas indirect employees totalled 471 numbers. ARB's expertise in this area suggests that the data received from indirect employees is relatively low and should be more than 3%. Surveyed companies remained uninterested in providing indirect employee's data, whereas a few companies refusing to provide any employee distribution data.



3.4 Minimum Gross Salary for Different Roles/ Designations

The table below depicts the Average, Minimum and Maximum Salary Package based on remuneration by Oil and Gas sector companies in Oman for various roles. During analysis, ARB observed very high variances in salary for certain roles. Furthermore, it must be noted that more than half of the companies refused to provide salary data owing to its confidential nature.

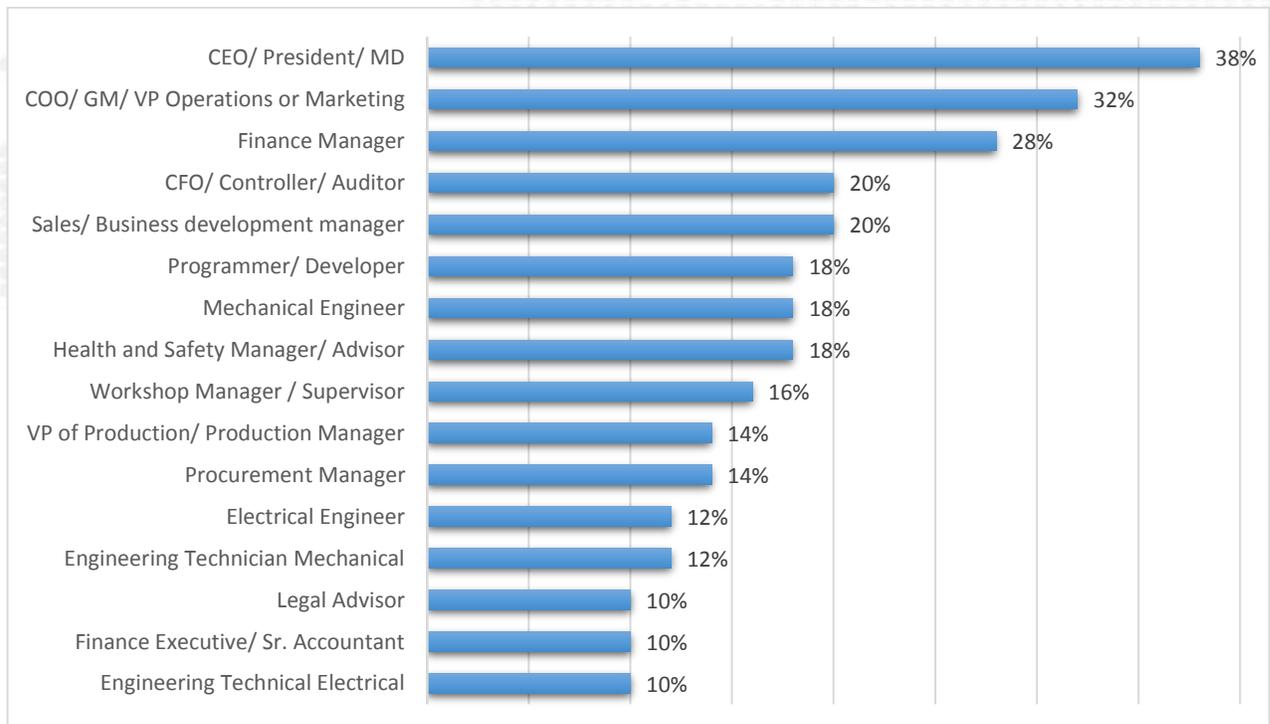
		Average Salary	Minimum Salary	Maximum Salary
Top Management	CEO/ President/ MD	6,617	4,000	10000
	COO/ GM/ VP Operations or Marketing	4,962	1900	9000
	CFO/ Controller/ Auditor	2,517	1500	4000
	VP of Production/ Production Manager	5,474	4122	7800
	Communication Manager/ Specialist	1,275	1250	1550
	Legal Advisor	1,283	1200	1400
Human Resource	HR Manager/ Head	1,790	825	3000
	HR Executive/ Assistant	824	575	1250
	Training Manager/ Coordinator	1,250	800	2500
	Workshop Manager / Supervisor	1,216	800	3162
Finance	Finance Manager	1,850	1000	3843
	Finance Executive/ Sr. Accountant	1,011	600	1700
	Bookkeeping/ Accounting, & Auditing Clerks	709	400	1372
IT	IT Manager/ IT Specialist	2,025	950	3950
	Programmer/ Developer	1150	450	2500
	Network/ Hardware Executive	850	400	1300
Office & Admin.	Admin Manager	1,051	600	1500
	PRO	725	350	1200
	Procurement Manager	1700	700	3000
	Logistics Manager/ Coordinator	825	528	1600
	Secretaries and Administrative Assistants	469	320	600
	Office Clerks- General	480	350	600
Sales	Sales/ Business Development Manager	3,500	1250	5800
	Sales Representatives/ Executives	720	500	1000
Sector Specific Professional (Oil & Gas Sector)	Petroleum Engineers	1500	918	2000
	Civil Engineers	850	600	918
	Mechanical Engineer	1,044	600	1989
	Electrical Engineer	1,250	750	1800
	Design Engineer/ Draftsman	550	500	750
	Drilling/ Mining Engineers / Well Driller	1,700	1400	2000
	Health and Safety Manager/ Advisor	1,600	675	2800
	Health and Safety Inspector/ Executive	1,100	550	2200
Geologist	720	720	720	

Sector Specific Professional (Oil & Gas Sector)	Contract, Program & Project Admin.	500	500	500
	Engineering Technician Mechanical	725	350	1400
	Engineering Technical Electrical	680	350	1200
	Engineering Technician Instrumentation	650	350	850
	Lifting Equipment Operators	609	528	700
	Lifting Equipment Supervisor	600	600	600
	Driver LGV	520	360	736
	Driver HGV	540	350	900
	Production/Operations Supervisor	1,600	732	2500
	Maintenance Supervisor	1,211	700	1669
	Welder/ Fabricator	542	350	800
	Roustabout/ Roughneck/ Derrick Hand	560	550	650
	Assistant Driller/ Driller	1,267	1000	1600
	Production Operator/ Field Operator	500	500	500
	Light Duty Driver	438	425	450
	Plant Manager	2,676	2352	3000
	Other Skilled Manpower	534	350	816
Unskilled Manpower	362	300	528	

Note: Figures are in Omani Rials

3.5 Hard-to-Recruit Roles

Positions – Hard-to-recruit local Omani candidates



- While employment within the labour market of the Oil and Gas industry remains high in demand when compared to other industries on the whole, this sector encounters difficulty in obtaining and recruiting competent Omani candidates, with the position of 'CEO/ President/ MD'

dominating the other roles. The occupations of ‘COO/ GM/ VP Operations or Marketing’, ‘Finance Manager’, ‘CFO/ Controller/ Auditor’, ‘Sales/ Business Development Manager’, ‘Programmer/ Developer’, ‘Mechanical Engineer’, ‘Health and Safety Manager/ Advisor, Workshop Manager / Supervisor’, ‘VP of Production/ Production Manager’, ‘Procurement Manager’, ‘Electrical Engineer’ and ‘Engineering Technician Mechanical’, follow closely behind.

- The key reason cited for hard-to-recruit roles is **‘unavailability of experienced, qualified and proficient candidates in the market (50%)’** as per the industry demand for suitably qualified and skilled applicants followed by **‘Lack of required/ important skills (47%)’**. **‘High salary expectations (22%)’** and **‘work located away from the capital (18%)’** were other reasons cited that contribute to difficulties in recruiting competent candidates as Omani employees lacked the willingness to seek employment within the interior regions of Oman. Statements made by HR indicating reasons like **‘competent candidates are expensive’** and issues with **‘time taken to train’** further hinder the progress to secure candidates for ‘hard-to-recruit’ roles.

3.6 Hard-to-Retain Roles

Positions – Hard-to-retain local Omani candidates



- Organizations in the sector find the retention of Omani candidates arduous, the highest challenge being found in retaining employees occupying the roles of ‘COO/ VP Operations or Marketing’. Findings signify that the designations of ‘HR Manager/ Head’, ‘CEO/ President/ MD’, ‘Finance Manager’, ‘IT Manager/ IT Specialist’, ‘Mechanical Engineer’, ‘CFO/ Controller/ Auditor’, ‘HR Executive/ Assistant’, ‘Finance Executive/ Sr. Accountant’, ‘Petroleum Engineers’ and ‘Health and Safety Manager/ Advisor’ additionally pose a challenge in terms of retaining competent local employees.

- The key reason cited for hard-to-retain roles is that the recruited employees' **'demand for high salary/ pay-rise (29%)** exceeds budgets. **'Geographical location' (21%)** also discourages employees from engaging with the organization for longer periods. Furthermore, **'Poaching of proficient candidates by competitors at better pay (21%)'** remain one of the challenges in retaining local candidates. **'Management freeze raises and promotions', 'Difficult work environment'** and **'career change/ better job prospect'** are other reasons cited by HR resisting retention.

3.7 Skill Shortage

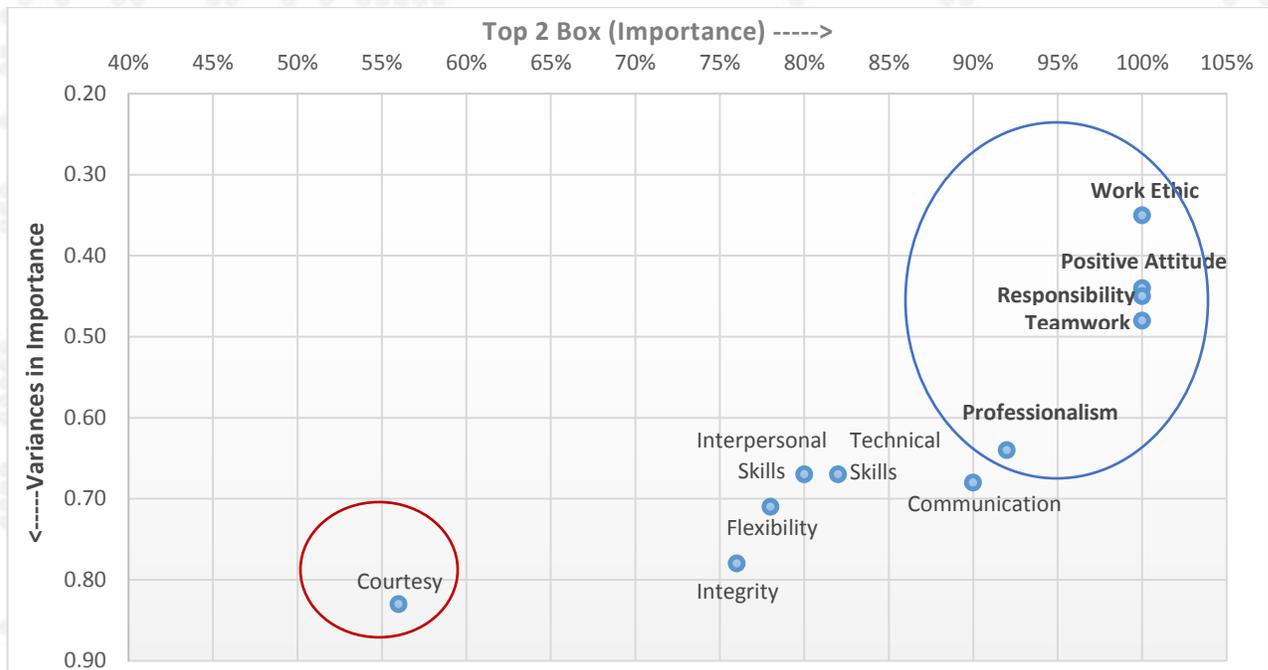
Skill Shortage among Omani Candidates, with the major area of skill shortages being: Accounting, Accuracy, Budgeting and Mathematical skills

CATEGORY	PERCENT	MAJOR SKILL SHORTAGE
Top Management	48%	<ul style="list-style-type: none"> ▪ Leadership Skills ▪ Strategic Thinking ▪ Critical Thinking skills ▪ Management Skills ▪ Team Management ▪ Coaching Skills
Sector Specific Professional	32%	<ul style="list-style-type: none"> ▪ Specific professional skill ▪ Technical Skills ▪ Specific Engineering skills ▪ Attention to detail ▪ Motivation to learn
Accounting and Finance Related	26%	<ul style="list-style-type: none"> ▪ Accounting ▪ Accuracy ▪ Budgeting ▪ Mathematical skills
Other Skilled Manpower	26%	<ul style="list-style-type: none"> ▪ Time Management ▪ Team Work ▪ Supervisory skill ▪ Ability to Learn ▪ Commitment ▪ Competency
IT & Support	20%	<ul style="list-style-type: none"> ▪ IT/ Technical skills ▪ Fixing Problem ▪ Flexibility ▪ Responsibility
Human Resource	20%	<ul style="list-style-type: none"> ▪ Talent Engagement ▪ Performance Management ▪ Employee Relations ▪ Preparing Policy
Sales & Related	16%	<ul style="list-style-type: none"> ▪ Sales Skills ▪ Responsibility ▪ Flexibility
Office & Administrative Support	8%	<ul style="list-style-type: none"> ▪ English Language & Communication
Unskilled Manpower	8%	<ul style="list-style-type: none"> ▪ Time Management

- As the above table depicts, majority of the respondents were of the opinion that 'Top Management' precedes other categories in skills shortage. 'Sector Specific Professional' falls slightly below 'Top Management' in skill shortage followed by, 'Accounting and Finance Related', 'Other Skilled Manpower' and 'IT Support'.

3.8 Important Skills

Rating in terms of skill importance at the workplace for Omani Employees



- The essential skills employers demand in personnel are '**Work Ethics**', '**Positive Attitude**', '**Responsibility**', '**Teamwork**', and '**Professionalism**'. For the above mentioned, skill importance ratings (Essential and Very Important) are very high and variance among the surveyed respondents' opinion are minimal in comparison to other skills.

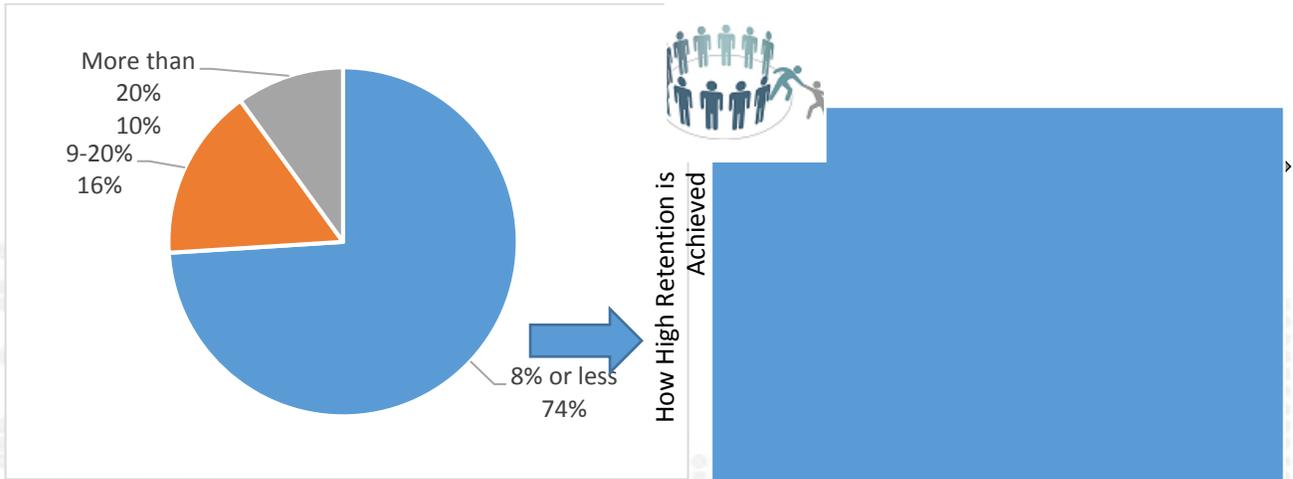
UPPER RIGHT – Depicts skills which have importance scores higher than the others and are uniform in importance.

LOWER LEFT – Depicts skills which have importance scores lesser than the others while importance provision is not consistent.

3.9 Retention Rate

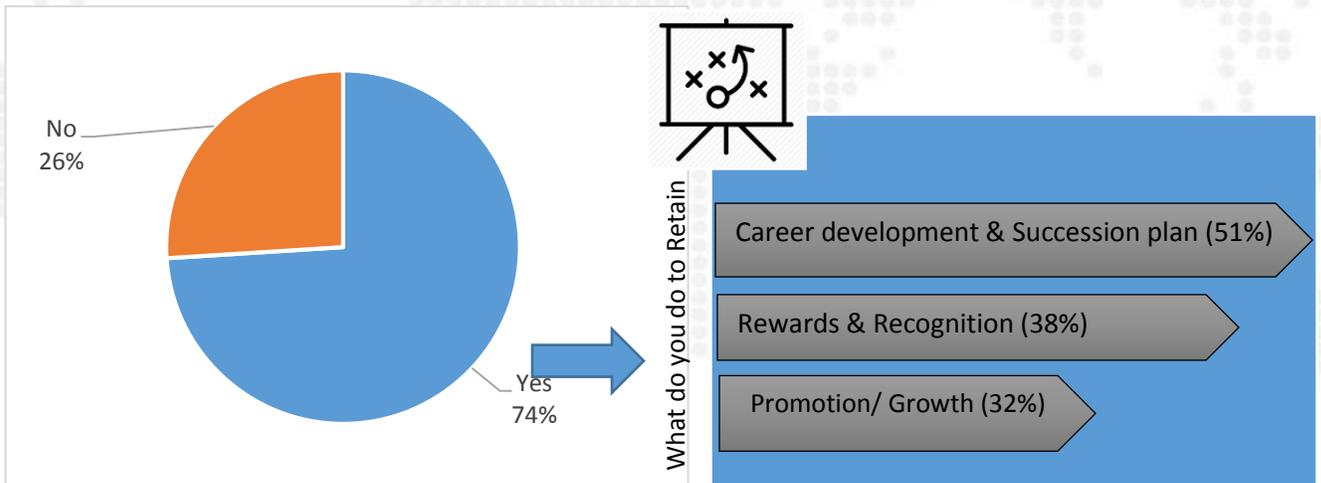
Average percent of Omani staff who resigned from organisation in the last 1 year and how high retention is achieved.

3.9.1 Average percent of Omani staff that resigned in a year



- On average, 74% of the respondents mentioned that resignations are '8% or less' owing to **'better remuneration in comparison with competitors'**, **'superior working conditions and exposure'**, **'training and motivation'**, **'rewards and recognition'** and **'career development & succession plans'** for exceptionally outstanding employees.
- Organisations comprising 200+ employees have better retention rates in comparison to organisations consisting of 200 employees or less (83% resigned 8% or less in comparison to 69%).

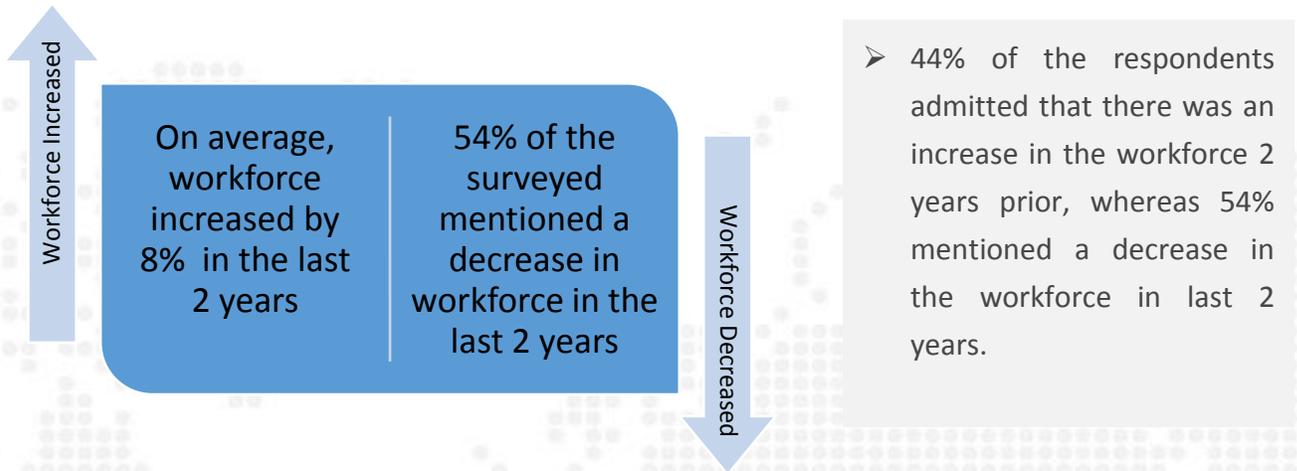
3.9.2 Strategy, policy and process to retain superior Omani staff



- On average, 74% of the respondents mentioned having clear policies and processes to retain superior Omani staff including **'career development and succession plans'** for higher hierarchal position advancement, criteria for **'rewards and recognition'** and avenues for **'promotion/ growth'** for exceptionally proficient candidates.

- Organisations comprising 200+ employees (89%) have significantly clearer policies and processes imbued within their retention strategies for targeting superior Omani staff in comparison to organisations consisting of 200 employees or less (66%).

3.93 Average percent of increase in the total workforce in the last 2 years



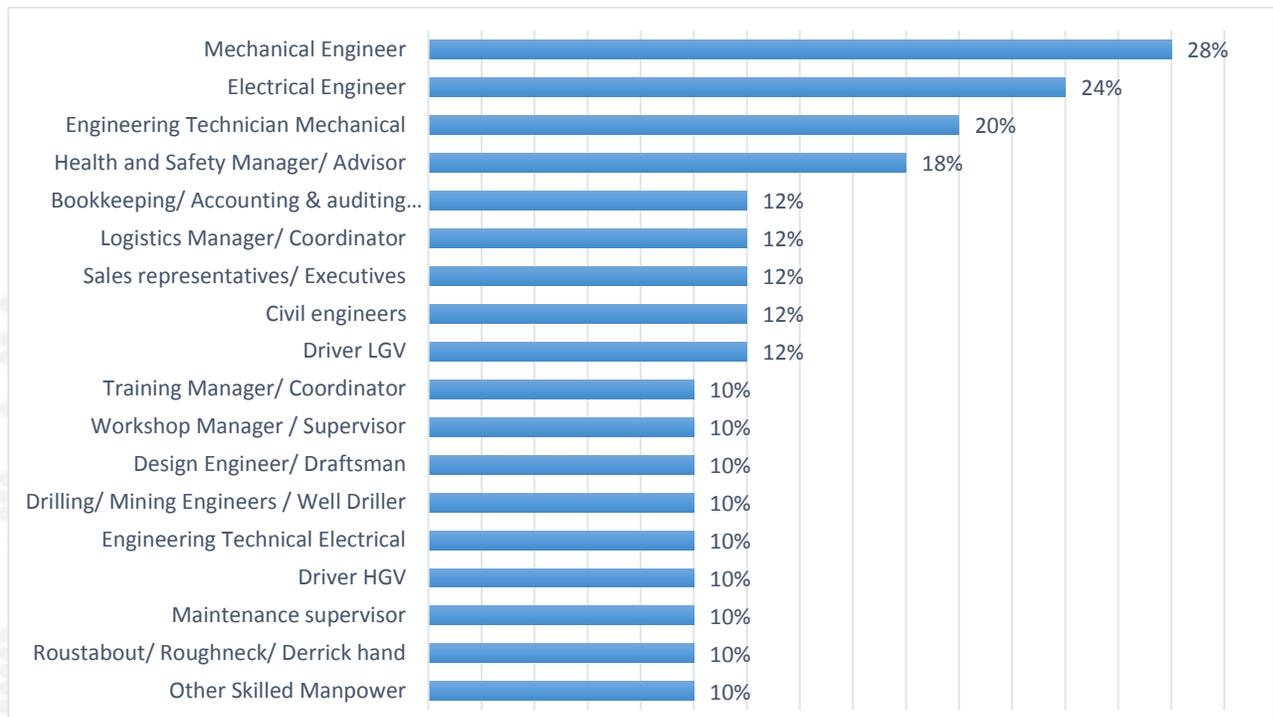
3.94 Measures undertaken in the last 2 years in relation to recruitment and training



- Of the respondents, 82% stated that 'We have been able to train/ upskill existing staff for existing roles' whereas more than half of the respondents mentioned 'We recruited new staff for existing roles (66%)' and 'We have had to cut staff (54%)'. 50% of the respondents cited 'We have been able to train/ upskill existing staff for new roles' while 14% of the respondents revealed 'We have become more reliant on outsourced staff than earlier'.

3.10 Future Employment

Positions that Organisations will have vacancies for in next 2 years



- For the upcoming two years, companies anticipate that they will require candidates for certain designations with the role of 'Mechanical Engineer' offering maximum scope for employment, followed by other favorable occupations including 'Electrical Engineer', 'Engineering Technician Mechanical', 'Health and Safety Manager/ Advisor', 'Bookkeeping/ Accounting & Auditing Clerks', 'Logistics Manager/ Coordinator', 'Sales representatives/ Executives', 'Civil Engineers' and 'Driver LGV'. Few companies have expressed their intention of recruiting **75 Petroleum Engineers, 52 Production Operators, 45 Mechanical Engineers, 40 Drilling/ Mining Engineers, 26 Geoscientists, 20 Electrical Engineers, 20 Roustabout/ Roughneck/ Derrick Hands, 15 Civil Engineers, 14 Field Operators, 12 Geologists, 6 Lifting Equipment Operators and 6 Lifting Equipment Supervisors** within 2 years. Few organizations voiced their expectations to recruit a maximum of 1-5 candidates while **40% conveyed their inability to predict any future vacancies owing to the current bleak market situation.**

3.11 Recruitment Process, Internship and Graduate Intake Programme

3.11.1 Structured recruitment process

- All organizations have reported conducting face-to-face interviews as part of their structured recruitment process, followed by 48% of the organizations administering written tests and 24% overseeing competency tests.
- Organizations comprising 200+ employees (33%) indicate a higher percent of conducting competency tests in comparison to organizations consisting of 200 employees or less (19%).

3.11.2 Exit Interview

- Most organizations (82%) organize exit interviews as part of their HR and retention programs, with only 18% of the surveyed organisations not practicing this strategy.
- Organizations comprising 200+ employees (100%) denote a significantly higher percent of conducting exit interviews in comparison to organizations consisting of 200 employees or less (71%).

3.11.3 Graduate intake programs and Internships for college graduates

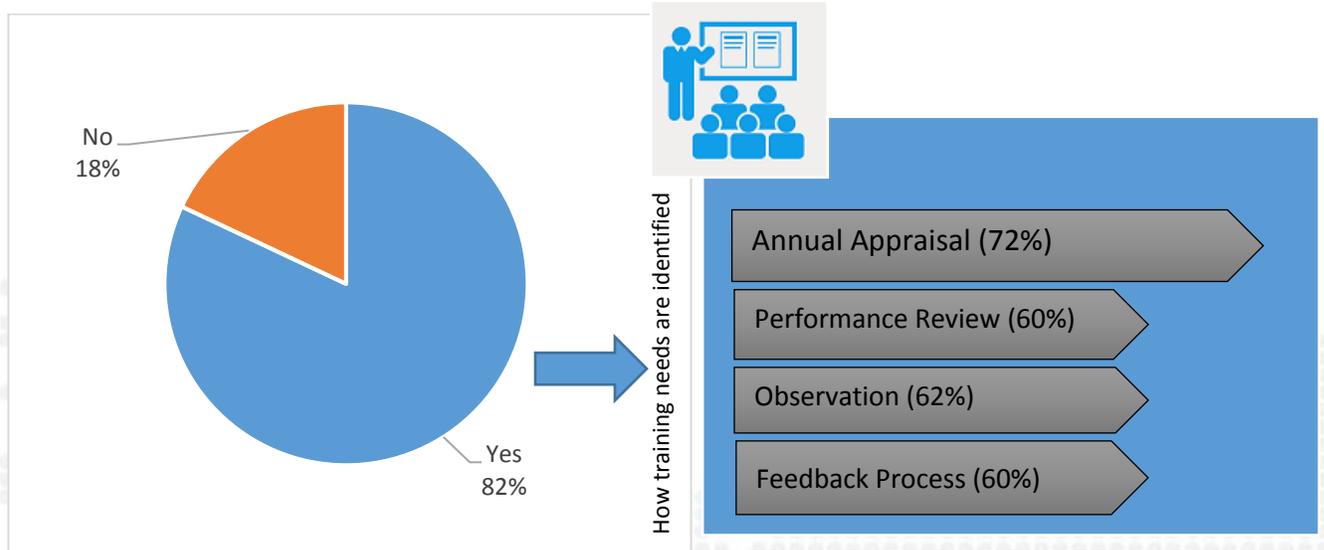
- **Only 30%** of the respondent organizations **report having graduate intake programs** while **64% of the member organizations have indicated making provisions for internships for college graduates.**
- Organizations comprising 200+ employees (56%) represent a significantly higher percent of conducting graduate intake programs in comparison to organizations consisting of 200 employees or less (16%). Correspondingly, Organizations comprising 200+ employees (89%) signify a significantly higher percent of creating provisions for internships for college graduates in comparison to organizations consisting of 200 employees or less (50%).

3.11.4 Modes of attracting Graduates

- In terms of attracting graduates, the mode of attraction on an overall basis has ranked the highest for organisations 'Participating in career fairs' & 'Walk in Interviews' at 42% each, followed by 'Career Days' at 20% and 'Campus Recruitment' at 16%. It must be noted that organizations comprising 200+ employees (61%) represent a significantly higher percent of participating in 'Career Fairs' in comparison to organizations consisting of 200 employees or less (31%).

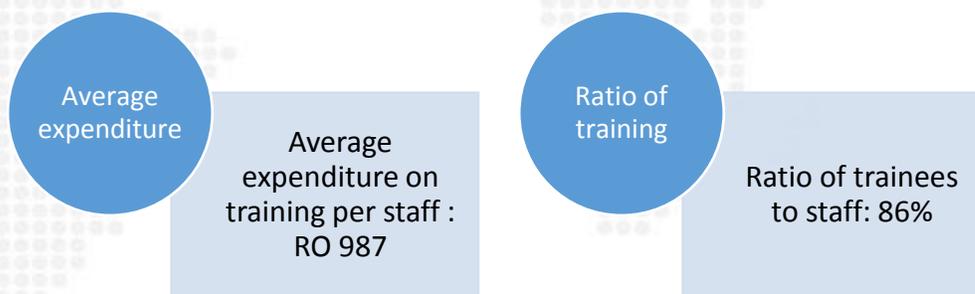
3.12 Training & Development

3.12.1 Strategic plan for employee training and development



- Around 82% of the member organizations stated that they possess a strategic training and development plan. Majority of the respondents indicated 'Annual Appraisal' being the primary indicator for training requirements followed by 'Performance Review', 'Observation' and 'Feedback Process'.
- Organizations comprising 200+ employees (100%) represent a significantly higher percent of employing strategic training & development plans for their workforce in comparison to organizations consisting of 200 employees or less (72%).

3.12.2 Expenditure on training per employee and ratio of trainees to staff



- The total expenditure on all training and development activities by surveyed companies between 1 Jan 2016 to 31 Dec 2016 was logged at **RO 11.3 million**. The highest expenditure recorded was for the category of 'Health and Safety' at 49%, followed by 'Technical Training' at 23% and 'Management' & 'Other' at 11% each. Other categories incurring expenditure included 'Other Trainings' at 10%, 'IT Support' at 4% and 'Customer Service' at 3%.

3.12.3 How is training conducted within the organisation

- 88% of respondents surveyed have indicated their preference for conducting training 'In-house with internal resources' within the organisation at 88% followed by 56% each citing such training conducted 'Internally with external resources' and 'Externally within Oman', 28% of the respondents reporting their engagement in 'Overseas' training and 13% utilizing 'Sr. Experienced staff of the organization' to perform the same.
- It must be noted that organizations comprising 200+ employees (50%) represent a significantly higher percent of engaging in 'Overseas' training in comparison to organizations consisting of 200 employees or less (15%).

3.12.3 Training Methods used

- On an overall basis, over 88% of the surveyed respondents report undertaking 'Classroom' Training as their preferred method of training followed by 84% of the respondents utilizing 'On-the-Job Training', 31% incorporating 'eLearning' and 9% engaged in 'Internet' Training.
- It must be noted that organizations comprising 200+ employees (75%) represent a significantly higher percent of conducting 'eLearning' in comparison to organizations consisting of 200 employees or less (30%). Furthermore, special attention must also be paid to the fact that organizations comprising 200+ employees (58%) represent a significantly higher percent of conducting 'Internet' Training in comparison to organizations consisting of 200 employees or less (15%).

3.13 Comments by Sr. HR Heads

- The primary focus of the education system lies in the theoretical knowledge for performing an activity or job role. The Education system should be modeled to foster the requirements of the emerging Oman market. The existing educational system does not focus on instilling the candidate with required qualities such as action orientation, detail orientation, autonomous, leadership traits, teamwork, marketability etc. Within the 'High School graduates' category, only a negligible percentage of students pursue further education. Lack of career development awareness at education stage results in the candidates' reluctance to pursue university degrees and hence limits their capabilities as their full potential to rise up in the organizational structure is not utilized.
- Regulatory authorities, while laying emphasis on job opportunities for future Omani graduates, provide safety nets for Omani candidate employment, thereby facilitating underperformance for locals as compared to their expatriate counterparts.

- According to the suggestions received from HR heads, the employment positions detailed below require limited skills and training when accounting for job performance, making these positions highly favorable for the national workforce to occupy:
- **Rig Mechanic and Rig Electrician** - Given the proper Rig training and experience, locals can occupy this position with ease.
 - **LMV & HMV Drivers** – Familiarization of Omanis with field area roads/ access areas of PDO will make them suitable candidates when applying for this position.
 - **Administration Job** – The local workforce is indicative of possessing the necessary skill set required of this position.
 - **Designers** - Given the proper training and experience, locals can occupy this position with ease.
 - **Supervisor** – The local workforce is indicative of possessing the necessary skill set required of this position.
 - **Permit Holder** - Limited skill requirements are requisite for locals to perform this role.
 - **Quantity Inspectors** - -Limited skill requirements are requisite for locals to perform this role.
 - **Document Controller** – The demands of this position entails performing the role of a Vehicle Control Manager/ Logistic in-charge of all type of documents.
 - **HSE Position** – Providing soft skills & training to the local workforce will aid in meeting the nationalization requirement.
 - **Mechanical and Electrical Technician** – Given the proper training and experience, locals can occupy this position with ease.

