

Entrepreneurship: Initiatives and Challenges in Oman

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Abstract - Entrepreneurship and its initiatives are the need of the hour around the world in general and in Gulf countries in particular. Starting a business activity involves risk and entrepreneurial initiatives by the ministry help to guide the Omani Youth to solve the problems relating to selection of business activity, mobilizing finance and to implement the proposed business activity. This study emphasis the importance of Entrepreneurship initiatives and explores the opportunities for the student's community. This paper attempts valuable insight on Entrepreneurship initiatives, opportunities and challenges. The study is based on the descriptive in nature which supports study with relevant data. It is noted that Omani youth have started realizing the importance of alternative to oil production. This would motivate the future student's community to know the opportunities available in the market.

Keywords – Entrepreneurship, business.

I. INTRODUCTION

Vision Oman 2020, has clearly stated that Entrepreneurship is need of the hour which would create alternative opportunity in Oman. There are many initiatives carried out by the various ministerial departments for the development of entrepreneurs in Oman through Education, training, various financial supports and various committees to encourage self-employment among Omani youth. Innovative Entrepreneurship initiatives in Arab countries getting more importance in recent days due to oil price crisis. Entrepreneurial initiatives in the form of training under cooperation with NGO (Non-Government Organization) have proposed various pilot studies which are carried out in regional level, national level and international level to promote Entrepreneurship Education to solve unemployment problems. Oman Government has encouraged both men and women equally on the development of economy of Sultanate. It is evident that there are immense changes around the world on telecommunication and information technology, which pave way to many micro, small and medium scale business.

II. OBJECTIVES AND RESEARCH METHODOLOGY

The study has carried out to understand the various initiatives taken by the Public Authority for small and medium enterprises development and related ministerial websites and to determine the challenges in starting a micro, small or medium size enterprises for young Omani Youth. The study is conducted using descriptive type of

methodology by using secondary data in the form of various published reports, periodicals and daily newspapers and website of Public Authority for small and medium enterprises development and related websites. In addition to that the study has designed by referring the handbook on Entrepreneur to reach the objectives framed. The study consist of theoretical parts of initiatives offered by the ministerial department by encouraging Young Omani Graduates to have different business venture with more innovative techniques.

III. EVOLUTION OF ENTREPRENEURSHIP

Entrepreneur is a person who take initiatives to start a business with risk and uncertainty to generate profit and identifying relative opportunities. Oman is one of the progressive countries in Middle East, improves infrastructure development across the world. Population grows in faster rate that lead a problem of unemployment and opportunities for entrepreneurs. (Al-Moharby and Khan 2007).

Therefore government has seen an alternative opportunity for young Omanis to hand the challenges and diversify the economic development. Al Shanfari 2012, has highlighted the number of people willing to take up a small business was 2% in Oman before fifteen years back and in recent past this number has increased rapidly. It is realized that Entrepreneurship Education is one of the ways to encourage Omni young community for self-employment. A Dynamic society that is willing to grow faster that requires education and training. Entrepreneurship Education is inevitable one in the current era as it does not

only to attract young Omani but also provide them with required knowledge and skills as part of entrepreneurial culture.

It is noted from the Small and Medium Enterprises report published by the public authority for small and medium enterprise department in Sultanate of Oman, that there were 33652 until 2018 March, Omani Small and Medium Enterprises incorporated which accounts for ninety percent of the private sector entities till the end of the March 2018. It is also noted that the 74% of the total enterprises comprises of micro enterprises. Out of 90% of the total private enterprises 20% belongs to small enterprises and 6% consist of medium enterprises. Small and Medium Enterprises occupy 20% of the Gross Domestic Product and belongs 40% of the total labour force. It is observed that the most of the entrepreneurs committed to the business category are under 30 years old.

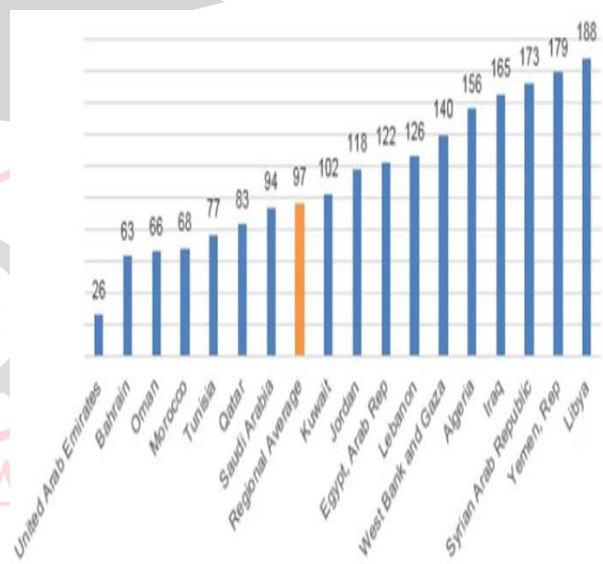
SME services (Authority of small and Medium Enterprises Development (Riyada))

Authority of small and medium enterprises development in Sultanate of Oman (Riyada) is offering through ministerial representative customer services at free of charge to young Entrepreneurs by reviewing their documents to make sure they are adequate. One stop shop of Riyada provides valuable government services for giving business consultancy. The aim of the said authority is to hear the business idea of Entrepreneurs to motivate them and to guide appropriately. The authority is also help Small and Medium Enterprises to register their entity with free of charge by fulfilling certain conditions and enterprise should have less than 99 employees to be called as Small and Medium Enterprises

The above table shows the micro enterprises registered to the extent of 22714, small enterprises to the extent of 7442 and medium enterprises to the extent of 1407 until March 2018. The total number of the Small and Medium Enterprises have gone up to 35596 as on August 2018 (Authority of small and Medium Enterprises Development (Riyada) but the total number of Small and Medium Enterprises registered during until July 2018 was 35381.

Every developing country around the world keeps on fighting with the available resources to create employment and to use the youth capabilities effectively. Entrepreneurs can create more jobs that ultimately develop the economy and overall growth of the country. Arab countries have more unemployment rate when compared to the rest of the world. Arab countries in general have 13.1% of unemployment when compared to the developing countries have 9.5%.

IV. EASE OF DOING BUSINESS

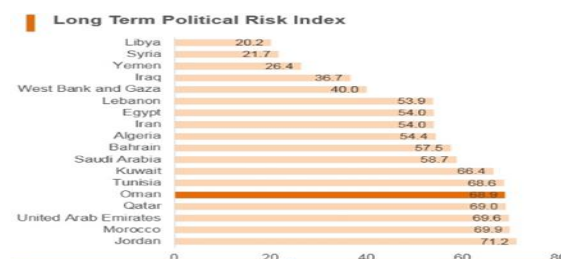


Country Ranking

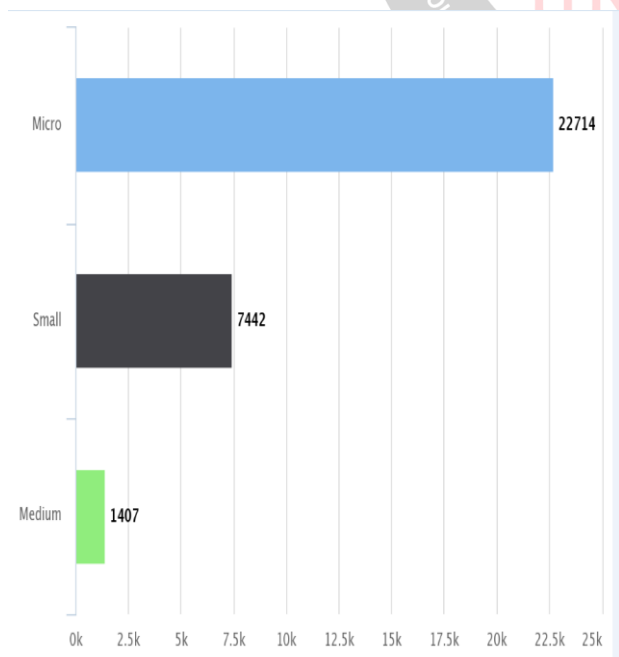
Source: Brookings Doha Center

From the above table it is found the ranking of the countries` where the business is easy. Sultanate of Oman has got 66th place in doing the business easily in around the world.

Long term Political Risk Index



Source: World Trade Organization



Source: SME report

From the above table it is found that the Long term political Risk Index of Sultanate of Oman is 68.9, which can be improved with the help of entrepreneurial growth in the country by creating alternative to the oil productivity.

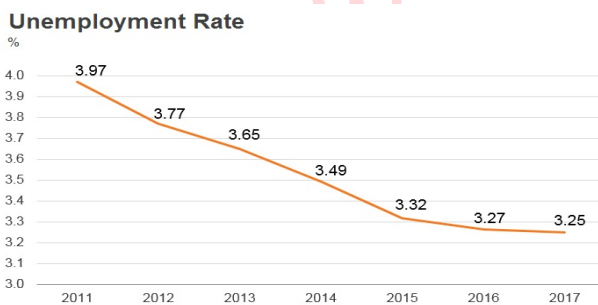
Budget at a glance

BUDGET AT A GLANCE					
Revenue	Budget 2019		Budget 2018		2017 (Estimated RO (m))
	RO (million)	Percentage	RO (million)	Percentage	
Oil revenue	5,465	54%	4,870	51%	10,000
Gas revenue	1,980	20%	1,910	20%	
Other current revenue	900	9%	1,147	12%	
Capital revenue and repayments	305	3%	160	2%	
Taxes and fees	1,450	14%	1,413	15%	
Total	10,100	100%	9,500	100%	
Deficit financed by:					
Foreign borrowings			2,000		10,000
Domestic borrowings			400		
Reserves			400		
Total			2,800		

Source: World Trade Organization

From the above table it is observed that the overall budget has shown increase in the oil revenue due to gradual fluctuations in Oil prices and this could be compensated with the development more and more entrepreneurs around the country.

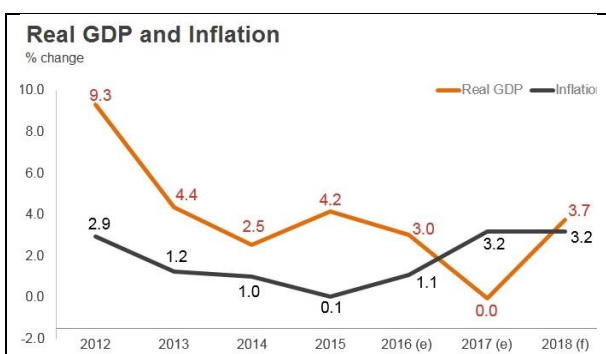
Unemployment Rate



Source: World Trade Organization

From the above chart it is evident that the Oman Unemployment rate has gradually decreased during the last seven years. It was 3.97% during the year 2011 whereas it considerably reduce to 3.25% during the year 2017. This is due to initiatives of entrepreneurial development around the country with the help of assistance from the Riyadh.

GDP and Inflation



Source: World Trade Organization

From the above chart it is evident that the gross domestic product has decreased from 9.3 during the year 2012 against 3.7 during the year 2018. The main reason could be entrepreneurial challenges around the world.

V. ENTREPRENEURIAL INITIATIVES

According to UNESCO REPORT Oman has taken various initiatives to encourage Omani youth for carrying out self-employment. SANAND programmes which successfully all over the Oman, guides Omani was youth by giving various suggestions for availing loans and valuable guidance for young graduates. SANAD, one of the successful program started during 2001 under the ministry of manpower in Oman, with the aimof promoting small scale business in Oman. In general SANAND program provides services like training to young Omanis, rehabilitation activites funding activities, technical and administrative assistance. SANAD programs also encourage technical colleges to attract fresh graduates to avail facilities to start small scale business with the help of monetary technical assistance. Government has created separate SANAND centers in each governorate to support Omani youth.

SANAD provides services for ministry of manpower, ministry health activities, ministry of environment of climate affairs activities, royal Oman police activities and Ministry of environment affairs activities. SANAD services provides self-employment under one umbrella of ministry of manpower. The aim of the SANAD center to provide employment and business opportunities electronically.

KAB, Know about business is a facility offered by ministry in vocational colleges and technology colleges. This focus in training entrepreneurs to improve communication skills with the help of Entrepreneurship Education. The aim of KAB is to empower the youth of Oman to acquire required skills for livelihood. This schemes not only provides special skills but also provides expertise advice for the Omani youth to work productivity in SME's.

Injaz program in Oamn is non profit entity to inspire Omani youth for a global success. It provides expertize knowledge in the form of JA (Junior Achievement) around the world for the studetns from school level to university level. In short, Injaz Oman helps Omani youth to improve their competitive performance. Technology colleges have started providing Entrepreneurship Education by expert faculties who are sent for higher studies to gain knowledge on industries an share to share their experience to young Omani youth.

VI. SERVICES OF SME'S COMMITTEE

SME's committee creates a feasible environment for a successful business venture and it is also important to

identify the problems of SME's to handle them technically and smartly. SME's committee creates a culture which would help the entrepreneurs to get motivation with innovation and creativity. Committee also promotes a very good for SME's administrative work with support services. They also provide advices and guidance on the business venture of SME's. Management advisory services are also important part of committee to local and international entrepreneurs with network communications among the group business enterprises. It is also one of the important business suggestions from the committee to understand the problems faced by the entrepreneurs to run their respective activities. They also provides seminars and conferences to bring down the entrepreneurs in one platform to discuss their common problems for the survival of the business entities.

Challenges of Small and medium Enterprises in Oman

There are major challenges identified by the experts to implement Entrepreneurship Education in Oman such as Educational system in Oman, Availability of training programs, availability of qualified educators, weak foundation. It has been observed the education system in the past did not include studies on Entrepreneurship and its development which did not attract the Omani young graduates. Ministry has taken initiatives by including Entrepreneurship Education in the curriculum around Oman to provide quality innovative education to young Omani graduates. The ministry of manpower through vocational training centers and technology colleges through expert faculties provides quality teaching to understand the market strategies and skills required to handle the market with innovative techniques. Ministry of manpower has taken all the required actions to bring down the unemployment problems which prevail larger in the country.

Quality educations are the major challenge for Oman economy and the government also taken initiative to provide knowledge to young Omanis to impart ability and confidence in entrepreneurship. It is also important to discuss faulty foundation of entrepreneurs which could lead to weak entity as there are no initiatives at school level education curriculum as only universities and higher education provides Entrepreneurship Education. It would be meaningful if all the educational institution offers Entrepreneurship Education for the development of Omani youth. It is also important to share the ideas related to Entrepreneurship Education continuously. Every region in Oman has to spread the Entrepreneurship Education, knowledge, business practice across the different sectors and borders. Collaborative researches are to be encouraged between the higher education and universities within Sultanate of Oman to share the ideas of Entrepreneurship Education.

If entrepreneurship education is offered in every academic curriculum it would be more meaningful and would be successful as an academic discipline that could attract more and more young entrepreneurs in near future that reduces the unemployment problem by giving a confidence for the young Omani youth. Small and medium enterprises in Sultanate of Oman faced many problems which always hinder its success. The SME's have to face those challenges to overcome the issues and to survive in the competitive market. It is identified that the SME's does not have necessary knowledge requires for running their business enterprises as most of the entrepreneurs do not possess basic education which would help them to overcome their problems. Another major issue of entrepreneurs is lack of required financial assistance required for their start up and running since the financial institutions demands collateral securities. It is also important for the entrepreneurs to understand the tax policies those are important for every businessman to know and act accordingly.

Many times it is also important that entrepreneurs should have the thirst of growing themselves and it is motivation from the SME's to grow bigger and faster. Every SME's should consist of the expert employees who can take the business to next level in terms of profit and productivity. Employees should get motivated and should have knowledge on the modern technology which would help them to take their work effectively. It is also major issue that the entrepreneurs should get support services and monitoring system by the authorities from the ministry to have smooth running of business activities which can be possible with networks between the same levels of SME's. It is also inevitable that the entrepreneurs should have knowledge to update the policies regarding SME's.

VII. CONCLUSION

It is witnessed that Small and Medium Enterprise play in a vital role in the development of the economy. Riyada, Authority of small and medium enterprises development has given huge guidelines and policies to be followed by every Small and medium enterprises. . Oman's Vision 2020, has proposed an innovative policy over past twenty five years since 1996 to 2020. SME's around the world plays a silent role in developing the economy. It is also observed that the failure of the small and medium size enterprises is due to lack of efficient management. The study has identified the ways to understand the importance of the guidance provided by related ministry to enhance the growth and development of the existing small and medium size enterprises. This study observed the challenges and the valuable programs that every small and medium size enterprises should follow for the successful venture. It is believed this study would definitely benefit the young Omani youth willing to participate in business ventures in the future.

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