A Study on Entrepreneurial Opportunities in Oman

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I. Introduction
Entrepreneurship refers to the process of setting up a new business or inspiring an existing business so as to take advantages from new opportunities. Thus, entrepreneurs shape the economy by creating new wealth, new employment and by designing new products and services. However, it is not about generating money, having the best ideas, knowing the excellent sales pitch and applying the best marketing strategy. It is in reality an assertiveness to create something new and an activity which creates value in the entire social eco-system. It is the psyche makeup of a person, it is a state of mind, which develops logically based on his/her surrounding and experiences, which makes him/her think about life and career in a given way. As the impressive development of the Sultanate of Oman continues, on the other hand over dependency on oil since decades and the recent slump in oil prices is a concern for the future. The need for economic diversification, occupational preferences for public sector employment and increasing youth unemployment rates have prompted the adoption of economic reforms to improve the entrepreneurship. However, understanding the determinants of self-employment and how they influence the country is critical. If entrepreneurship is to be a solution for the country’s youth unemployment challenge and can ultimately lead to desired economic outcomes. These determinants of entrepreneurship across the country have significant implications for national policies and support programs that might be offered to entrepreneurs.

Objectives of the study:
1. To observe the different entrepreneurial opportunities available for young Omani’s.
2. To know the different financial options available for prospective entrepreneurs.
3. To identify the challenges facing by Omani’s in initiating entrepreneurial activities.
4. To offer suggestions for the improvement of Oman’s economy through entrepreneurship.

Significance of the Study

Small and Medium Enterprises have significant role in developing and developed countries by contributing effectively to the growth and development of the country. The importance of this study is to discuss the opportunities available for Omani entrepreneurs and the challenges facing by them in Sultanate of Oman and find ways to overcome the barriers. Also, enlighten them with various options that are offered by government and private institutions in assisting the entrepreneurs to be an engine of creating the job opportunities and experience the balanced country.

Review of Literature

Entrepreneurship is multidisciplinary in nature. The entrepreneur is the individual who “unites all means of production and who finds in the value of the products, the reestablishment of the entire capital he employs, and the value of the wages, the interest, and the rent which he pays, as well as the profits belonging to himself” (Say, 1816). Mill (1848), considered entrepreneurship as the direction, supervision, control and risk taking, with risk being the main distinguishing feature between the manager and the owner–manager. Schumpeter (1928, 1934) focused on the instability of capitalism and on the entrepreneur’s function as an innovator. Fraser (1937) associated entrepreneurs with the management of a business unit, profit taking, business innovation and risk bearing. Risk is an integral part of entrepreneurship Oxenfeldt (1943) and Cole (1959). Other definitions emphasize other
characteristics. As summed up by Cochran (1968), ‘There are some unresolved differences in the definitions of entrepreneurship, but there is agreement that the term includes at least a part of the administrative function of making decisions for the conduct of some type of organization’. An entrepreneur is someone who specializes in taking judgmental decisions. Entrepreneurship should not be defined on the basis of opportunity, but rather cultural perception of opportunity’ (Dana, 1995).

Entrepreneurs are seen as risk-takers and innovators who reject the relative security of employment in large organizations to create wealth and accumulate capital (Scase and Goffee, 1987). Entrepreneurship is not about objective monetary considerations in isolation;

Penrose (1959) explains the importance of non-monetary considerations: ‘The fact that businessmen, though interested in profits, have a variety of other ambitions as well, some of which seem to influence (or distort) their judgment about the best way of making money, has often been discussed primarily in connection with the controversial subject of profit maximization’. Value is a function of perceived need, and this is a function of cultural values, as acquired from the nuclear family, the extended family and society. Much has to do with attitudes and perceptions that are culturally coloured (Dana, 1995). Ciavarella et al. (2004) examined the relationship between the “Big Five” personality characteristics and venture survival. The Big Five model is a well-established and robust indicator of personality used among personality theorists. Well-established measurement scales exist for identifying five core personality characteristics: extraversion, emotional stability, agreeableness, conscientiousness and openness to experience. V. van de Vrande et al. (2009) The study focuses on the perceived challenges and motives of the open innovation methods adopted in SMEs. It was found that SMEs adopting the innovative practices in the areas of marketing and technology had a good impact on meeting the customer demands and overcoming the competition. Furthermore, the most important challenges were related to organizational and cultural issues since they were dealing with the external contacts. Aziz, et al (2012) the study addresses the various issues and challenges encountered by hospitality and tourism business under MSM. It was found that the MSM enterprises face obstacles like lack of financial assistance, high taxes, and government support.

II. Qualities of a Successful Entrepreneur

Entrepreneurship means converting the innovative idea into a product and commercializing it in the business rather than just starting a business. It is about having attitude and the drive to succeed in business. All successful Entrepreneurs have a similar way of thinking and possess several key personal qualities that make them so successful in business. Entrepreneurship is a mindset more than anything, Qualities that make an entrepreneur successful are

- **Strong Belief in Themselves**: Successful entrepreneurs have a positive opinion of them and often have a strong and self-confident personality.
- **Inner Drive to Succeed**: Entrepreneurs are driven to succeed and expand their business by identifying opportunities. They are visionaries and are often very ambitious. Entrepreneurs set massive goals for themselves and stay committed to achieving them regardless of the obstacles they face.
- **Continuous Learner and Openness to Change**: They are persistent and evolving to do best practice. If something is not working for them they simply change. Entrepreneurs know the importance of keeping on top of their industry and the only way to being number one is to evolve and change with the times. They’re up to date with the latest technology or service techniques and are always ready to change if they see a new opportunity arise.
- **Dreamer**: A big idea of how something can be superior and different.
- **Innovator**: Entrepreneurs have a desire to do things better and to improve their products or service. They are continuously looking for ways to improve.
- **Ability to Organize**: Entrepreneurs should be able to organize various factors effectively. He has to understand all the aspects of the business.
- **Passionate**: He should be expressive, so the idea creates energy and resonance with others.
• **Risk Taker:** Pursues the dream without all the resources aligned at the start and distributes the risk over a network of capabilities. In short he should be ready to tolerate risk and uncertainties.

• **Decision Making:** One has to take right decision at a right time by showing his promptness. Quick decisions are expected but hasty decisions shouldn't be taken. Delay in decisions may increase cost of project and reduce the profits.

• **Negotiation Skills:** Businessman regularly comes into contact with various persons like suppliers, consumers, workers, government officials, etc. so he should communicate tactfully with all the stakeholders.

### III. A Comprehensive approach towards entrepreneurship in Oman

An average person can become a successful entrepreneur when he interacts and fit into a comprehensive system prevailing in the country. Initially he has to study himself and try to analyze and identify the qualities in which he is lacking and improve those qualities which will contribute for his personality development. He has to study and understand the opportunities that the country is providing in various areas like education, training, financial assistance and other areas. The prospective entrepreneur has to know the potential industries in which he can start the business, for instance fisheries, agriculture, agro based, travel, tourism, poultry and services etc., He should also anticipate and study the challenges which he is going to face from the society, technology and finance etc. He has to study the existing competition in local, national and global markets for the prospective business he is dreaming. If he studies the entire environment and digest the policies, procedures, various options available and adopt himself according to the situations, it helps him to become a successful entrepreneur.
IV. Different options available for entrepreneurial activities in Oman from government and private sectors.

<table>
<thead>
<tr>
<th>Sl.no</th>
<th>Firm name</th>
<th>Program name</th>
<th>Loan Amount upto</th>
<th>Purpose</th>
<th>Beneficiaries</th>
<th>Remarks</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>AL RAFAD FUND</td>
<td>&quot;Mawrid&quot; &quot;Tasees&quot; “Riada” Tazeez</td>
<td>10000 RO 20,000 RO 100,000 RO 100,000 RO</td>
<td>Small and medium enterprises development</td>
<td>Young People</td>
<td>Government sector financing</td>
</tr>
<tr>
<td>2</td>
<td>Oman development bank (ODB)</td>
<td>Izdihar Working Capital Mawsimi The research council funding program</td>
<td>Upto 50,000 RO</td>
<td>SME’s—Industrial, Agriculture and Livestock, Tourism, Fisheries, Educational, Medical, Professionals and Handicrafts</td>
<td>All citizens</td>
<td>Government-The bank charges an interest rate of only 3% per annum. It also offers interest free loans for small investors</td>
</tr>
<tr>
<td>3</td>
<td>SHARAKAH</td>
<td>SHARAKAH—Guidance on Business plan, market research, developing cash flow statement etc.,</td>
<td>NA</td>
<td>consulting Technical and management for the project after analyzing the feasibility study or project plan</td>
<td>business community and private individuals</td>
<td>Private sector financing</td>
</tr>
<tr>
<td>4</td>
<td>GROFIN</td>
<td>development and financing of projects</td>
<td>NA</td>
<td>specializing in the development and financing of projects</td>
<td>capital for small and medium-sized businesses</td>
<td>funding over a period of 2-7 years</td>
</tr>
<tr>
<td>5</td>
<td>TOWELL</td>
<td>TOWELL Establishment of small medium-sized enterprises—joint ownership between &quot;International Company for future</td>
<td>NA</td>
<td>Providing managerial, financial and technical support for small and medium enterprises</td>
<td>Provide jobs for the citizens as well as the owner of the project</td>
<td>Private sector financing</td>
</tr>
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generations LLC” (ICFG) and the owner of the project

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<thead>
<tr>
<th>Sl.No</th>
<th>Bank Name/Institution Name</th>
<th>Nature of operations</th>
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<tr>
<td>1</td>
<td>ISLAMIC FINANCE</td>
<td>1. Murabaha financing more prevalent forms, diverse funding for cars, real estate and other 2. Leasing 3. Istisna’a 4. Enterprises</td>
</tr>
<tr>
<td>2</td>
<td>BANK MUSCAT</td>
<td>Funding programs The unit is to provide credit facilities of up to 100,000 O.R max for small businesses, the total value</td>
</tr>
</tbody>
</table>

6 **SAUD BAHWAN GROUP**

To establish a variety of commercial projects in the automotive sector.

Feasibility study, guidance and assistance in obtaining banking facilities, vocational training for the staff etc.

An entrepreneur in a new small or medium business

It helps in overcoming the difficulties for the success of the SME project

In Sultanate of Oman various opportunities extended by the government and private sector financing for establishing the businesses by young entrepreneurs in various fields. It is not only offering the financial assistance to the newly establishing entrepreneurial businesses but also giving them assistance in other areas like consulting, Technical and management for the project after analyzing the feasibility study or project plan specializing in the development and financing of projects. General advises including the feasibility study, guidance and assistance in obtaining banking facilities, vocational training for the staff, guidance in the area of sales for small and medium enterprises. Extending loan amount ranging from 10,000 R.O to 100,000 R.O depending on the time required for repayment. The various firms extending financial and non-financial support to the entrepreneurs are AL Rafad fund, Oman Development Bank, SHRAKAH, GROFIN, TOWELL, Saud Bahwan group etc with different schemes under their umbrellas like Mawrid, Tasees, Riada, Tazeez, Izdihar, Mawsimi to name a few.

**Government Sector Training & Development**

The small and medium enterprises play an important role in promoting economic development and the achievement of sustainable growth by increasing their contribution to the GDP. Small and medium enterprises constitute more than 90 % of the volume of economic activity in the Sultanate. Oman government has initiated various training and development activities through various organizations like Public authority for SME development (PASMED), The public authority for investment promotion & export development (PAIPED), Oman chamber of commerce and industry, Public authority for craft industries, Private sector training & development, INTILAAQAH, THE CELL, National business center, INJAZ OMAN and many other organizations.

**Commercial Banks - Financing in Oman**

Banks provide financing service for small and medium enterprises and entrepreneurs, but there is a new policy by the central bank and the mainstream for most of the banks operating in the Sultanate specialization of at least 5% of its portfolio lending to small and medium enterprises.
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<td>1</td>
<td><strong>lending solutions for the small and medium scale sector.</strong></td>
<td>of sales less than 250,000 O.R, and subject to the specific requirements of the bank. And the program includes Al Wathbah of six products are as follows: - equipment financing -financing receivables - finance receivables POS - Working Capital Financing – financing contracts - finance imports</td>
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<td>3</td>
<td><strong>BANK SOHAR</strong></td>
<td>Four departments working under its umbrella include: Banking Division of the big companies, the Department of medium-sized companies, unit project finance and syndicated loans, banking division for emerging companies, department specialist sector, small and medium enterprises</td>
</tr>
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<td>4</td>
<td><strong>NATIONAL BANK OF OMAN</strong></td>
<td>For small and medium size enterprises- easy access to loans for any kind of business finance requirements. With <strong>Tijarati</strong> Banking they provide finance you need to grow your business, maximize the opportunities and realize your dreams.</td>
</tr>
<tr>
<td>5</td>
<td><strong>OMAN ARAB BANK</strong></td>
<td>&quot;Tomouhy&quot; cater the financial needs of small &amp; medium business up to R.O 500,000 under the credit policy of Oman Arab Bank. &quot;Tomouhy&quot; covers: • Working capital finance • Term loan for capital expenditure • Contracts &amp; equipment finance • Import &amp; export finance • Other finances</td>
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<tr>
<td>6</td>
<td><strong>BANK DHOFAR</strong></td>
<td>Mid Sector &amp; Business Banking The Department actively interfaces with the small and medium companies to understand their requirements and devise suitable solutions. Credit facilities are offered for a range of activities, such as, investments, projects and working capital.</td>
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</table>

Banks are playing significant role in the developing entrepreneurs and also SME’s by introducing some attractive programs like Al Wathbah, Tijarati, Tomouhy etc by providing them with different facilities like equipment financing, financing receivables, finance receivables POS, Working Capital Financing, financing contracts, Working capital finance, Term loan for capital expenditure, Contracts & equipment finance, Import & export finance and Other finances. Omani entrepreneurs who are planning to become an entrepreneur in future can avail the benefit of these programs and improve their economic condition and become wealthy. In this way the entrepreneur directly helps the society by creating employment opportunities for others, and by improving their products which can be accepted globally.

**V. Entrepreneurship contribution for economic development.**

An Entrepreneur achieves success in his business will get profits from his business. The impact of profits which earned by an entrepreneur will have dual effect i.e. Direct and indirect, while, the direct impact leads to self-satisfaction, profit earning, autonomy, helping hand for family, name and fame in the society and savings helps in maximizing wealth. And the indirect impact results in Creating employment opportunities for others, helps society by offering quality products, depositing savings in bank, utilizing the resources effectively. Hence the direct and indirect effect of earring profits through entrepreneurship will contribute for the national economic development.
VI. Oman specific entrepreneurship challenges:

**Finance**
As the competitive environment is increasing in Oman it will be difficult for some of the entrepreneurs of today to get finance. Both private investors and financial institutions became more cautious when it comes to making direct investment and lending decisions and as a result they are more influenced by an entrepreneur’s past performance rather than the investment opportunity itself. As many new graduates exploring the prospect of self-employment for the first time will not have past records in business, and their reliability may be questioned by banks.

**New Enterprise and Reputation**
The new enterprise face the challenge of negotiating credit terms with suppliers who have been counting the cost of writing bad debts over recent years. Such terms may in fact be restricting that the new enterprise could potentially face liquidity problems ultimately limits the firm’s ability to respond to any opportunities that may be presented in the market.

**Lack of Skilled Labor Force**
Due to non-availability of skilled manpower the entrepreneur faces the challenge of recruiting the right person for the right job. As the labour market is comprised of fresh university graduates accompanied by experienced individuals in industry recently made unemployed. The necessary skill sets and qualifications are not always present and a reliance on expensive expatriate workers is necessary.

**Future - Managing Growth and Development**
Entrepreneurs are heavily involved in the regular activities of the business and as a result have little or no time to dedicate to the strategic growth and development of their firm. In addition to this, many entrepreneurs are uncomfortable in decentralizing control, particularly in terms of decision making, and as a result they are unwilling to delegate responsibilities to employees in order to free up their time for strategic planning.

**Educational and training barriers**
Non availability of required number of vocational training opportunities, lack of information and advice on how to start an enterprise, basic education, no time for training and upgrading skills by existing entrepreneurs.

**Socio-cultural and behavioral barriers**
Social barriers such as values and family structure, combining family and work life and gender bias will have an impact on entrepreneurial activities to be performed. Behavioral constraints such as self-confidence, finding the right contacts for your business ventures, gaining of acceptance of people and the negative image of self will have significance on the performance of an entrepreneur.

**Discussion**
The government should frame an appropriate policy to develop the entrepreneurs by providing the loans at low and subsidized interest rates. There is a need of academic attention by the universities, educational institution and the research council to conduct academic research projects in encouraging the entrepreneurs. In the higher grades vocational courses should be offered and made mandatory by focusing on the technical skills and other business related skills. The Oman Chamber of Commerce and the relevant organization should conduct trade fairs, exhibitions and promotions through various media’s. Conducting and follow up of the events and encouraging participation of local and international entrepreneurial conferences, workshops and seminar on a periodical basis. Government should also encourage the citizens to buy the entrepreneurial products and thereby trading the same.

**IV. Conclusion**
As the impressive development of the Sultanate of Oman continues, but over dependency on oil since decades and the recent slump in oil prices is a concern for the future. The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs and create wealth, but also helping the society in creating employment opportunities and building infrastructural facilities which will be directly contributing for the growth of the country. The contributions made by entrepreneurial individuals in terms of innovation, provision of employment opportunities and diversifying the economy are significant. Having recognised the important role that they play, it is clear that the Sultanate of Oman will have to focus on development of entrepreneurs.
from all over the country by igniting the importance of entrepreneurship for self and economic development; In turn self-employment will be seen as a feasible option for Omani youth. It is clear that at present there is a huge potential in Oman for developing entrepreneurship, there is much to be done in order to accomplish the economic growth. While access to finance in the form of low interest loans is a positive step in the right direction, the fact that there is a lack of training relating to basic business skills. Now the educational institutions have a role to play in developing programs relevant to differing needs of entrepreneurs from product development to exploring export opportunities. Finally Practical support in terms of providing customized training to specific needs of entrepreneurs, educational institutions need to open training centers to train the potential and existing entrepreneurs to develop their skills for the growth of the country.

Scope for further research:
This particular study can be conducted for the entire Gulf Cooperation Countries by considering the various obstacles they face in performing the entrepreneurial activities in different countries. It can cover the various programs initiated by different countries of GCC for the development of entrepreneurship. The study can also cover the various opportunities they have in different industries to increase the entrepreneurial activities that will enhance the growth of their countries.

References: