

Sultanate of Oman
Global Entrepreneurship Monitor
National Report
2021-2022



“As we are aware of the importance of the small and medium enterprise sector, and the entrepreneurship sector, especially projects based on innovation, artificial intelligence and advanced technologies, and training and empowering young people, to benefit from the opportunities offered by this vital sector, to be a basic building block in the national economic system, our government will Keep tracking the progress in these aspects”

“ As for our sons and daughters from among entrepreneurs who wish to establish their private projects, we are resolved to lend them our support and encourage their entrepreneurship programs. We will offer necessary support and incentives to small and medium enterprises, given their vital role in stimulating economic activity and employment opportunities.”

His Majesty
Sultan Haitham bin Tarik Al Said



His Majesty
Sultan Haitham bin Tarik Al Said

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Acknowledgments

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We would like to acknowledge SMEs Development Authority and all institutions for their immense support and help during this project. Without their help, completing this project would have been very difficult.

We would like to express our special thanks to GEM Oman Team Members for the time and efforts they provided throughout the year. In this aspect, we are eternally grateful to them.

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In the end, we would like to thank all the people who have supported us in completing this project. Without them, we would not have been able to complete this project.

Foreword



Prof. Dr. Ahmed Al-Rawahi
Chancellor,
University of Nizwa

In response to the aspirations of Oman's Vision 2040 to build an active and a strong sector of entrepreneurship in the Sultanate, and due to the desire of the University of Nizwa to actively and constructively contribute to the growth of this sector, and to support those in charge to raise the sector to lofty horizons of production and development; the Entrepreneurship Center (EC) was established. The Center aims to be a research hub that enhances this promising sector in terms of education and services; as well as providing practical solutions that are based on sound scientific research.

The EC conveys to the sector best experiences and wise practices from around the world through its links with the Global Entrepreneurship Monitor (GEM). It also disseminates a culture of entrepreneurship among University students, youth in general, and it contributes to the creation of conducive ecosystem that support entrepreneurial activities. This National Report for the year 2021/2022, in its third edition, emphasizes this trend by monitoring carefully and honestly all effective indicators that make the ecosystem of this sector in Oman.

The COVID-19 pandemic has affected every aspect of life and economy around the world. It also had a direct impact on the suspension of some individual entrepreneurial projects, income decrease of families related to this field, weak tendency to start new entrepreneurial projects.

At the same time, the pandemic contributed to creating limited entrepreneurial businesses that benefited from such circumstances. The most notable businesses in this regards are those related to use of digital technologies to sell and market products and services. This trend also shows the desire of some of these businesses to go globally.

While the National Report highlights the results of its multiple sensors for the Omani entrepreneurship sector, and in accordance to GEM standards. It is hoped that such data and indicators will contribute to the achievement of steady growth of this promising sector, and provide rational solutions to challenges that may stand in the way.

I would like here to express thanks and great appreciation to the makers of this sector including entrepreneurs and supporting institutions for their cooperation with the National Research Team. I thank especially the Small and Medium Enterprises Development Authority for their great support and for their continuous efforts to build and develop this sector. We hope that the findings of this research will contribute to adopting more stimulating measures for this sector in order to achieve the set aspirations of the nation and its wise leadership.

Note from the SMEs Development Authority

The Small and Medium Enterprises Development Authority was established by Royal Decree No.(187/2020A01) with the aim of providing an encouraging regulatory environment for the growth and development of small and medium enterprises and craft industries. Therefore, developing, facilitating support and empowerment procedures-through policies and strategies aimed at achieving sustainable development goals in an innovative and creative manner by involving all parties. The goals are to improve various economic sectors' competitiveness and to ensure their long-term viability in achieving the desired goals of the authority. Furthermore, the authority offers a number of technical, training, and consulting programs to support and promote small and medium enterprises businesses in accordance with its areas of expertise and country's value. With the aim of boosting the competitiveness among various organizations in terms of running their institutions effectively to ensure their sustainability in the local and global market. The authority involves programs such as marketing and promotion, incubating business facilitation, and financing, as well as a set of services like consulting providing feasibility studies, entrepreneurship cards, internal and external exhibitions. In addition, they also included other facilities like incubation and usufruct of land, marketing and media promotion, financing of all kinds, providing support and licenses in the craft field.

Our vision:

We expect that the micro, small, and medium-sized company sector will serve as the foundation of the national economic system in order to support long-term growth.

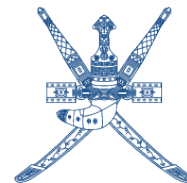
Our mission:

Support and allow micro, small, and medium-sized enterprises to grow, expand, and improve their competitive capacities via creative and long-term initiatives aimed at developing individuals and societies, diversifying sources of income, and increasing their contribution to GDP.

Values:

- Innovation
- Integration
- Growth
- Honesty

هيئة تنمية المؤسسات
الصغيرة والمتوسطة
SMEs Development Authority



Message



Dr. Arockiasamy Soosaimanickam

Acting Dean, College of Economics, Management, and Information Systems

"GEM offers academics the opportunity to be part of a prestigious network, explore various dimensions of entrepreneurship and gain a full picture about the entrepreneurial activity of a country" - Virginia Lasio, Team Leader of GEM Ecuador and Professor at the ESPAE Graduate School of Management.

I am always amazed by how GEM delivers new, profound insights into the nature of entrepreneurship across the globe. I am sure that this GEM National report of Oman is one of the most important social science research projects in Oman. The purpose of this kind of entrepreneurial research is to gather information from multiple entrepreneurs and entrepreneurial companies in order to create new economic developments or innovations. According to the World Economic Forum's future jobs survey, half of today's work activities could be automated by 2055, creating completely new roles, responsibilities, and challenges for the future workforce.

The College of Economics, Management and Information Systems (CEMIS) at the University of Nizwa is always considered as one of the pioneers in promoting Entrepreneurship Education in Oman by conducting various entrepreneurship-related development activities. The team of faculty members and researchers are continually involved in organizing various entrepreneurial events and activities for the development of young Omanis as entrepreneurs. The UoN Entrepreneurship Center, in coordination with CEMIS, have organize many successful entrepreneurial -related events, including training in various entrepreneurship topics and developing awareness of support facilities such as incubators, mentor networks, and angel investors. The entrepreneurial training program focuses on guiding the students to prepare a business plan and devise promising business ideas to become a part of mentor networks and incubators.

Entrepreneurial activities are continually supported by the University of Nizwa higher management, as well as by public and private organizations in Oman, which helps us to conduct this kind of extensive research. The GEM Research team of the College of Economics, Management and Information Systems has completed their research for the third consecutive term and submitted a detailed report to the GEM consortium for their approval.

I congratulate the entire GEM Research team for their extensive study and analysis on entrepreneurship activities in Oman.

I wish them Good Luck in all their endeavors!

Sponsor and Lead Institution: University of Nizwa

The University of Nizwa (UoN), a private, faculty-governed institution that is not for profit, was founded in the Sultanate of Oman in 2004. It is 140 kilometers from Muscat, the country's capital. The UoN strives to offer a modern learning environment that respects the traditions and principles of the Sultanate. According to the QS University Ranking for 2022, the University of Nizwa is now ranked first among private institutions and colleges in Oman and second overall. In addition, the University of Nizwa is listed in the top of 80 universities in the MENA region and is ranked first in Oman for All Sciences by the Nature Index 2022.

Since its inception, the guiding philosophy of UoN has been to provide students with quality educational experiences and opportunities that will prepare them to contribute effectively to the economic, artistic, and aesthetic development of the nation. Graduates, irrespective of the majors, are expected to be capable lifelong learners with skills in numeracy, communication, critical thinking and problem solving. Alumni will also possess an appreciation of their culture, the values upon which the university is founded and a shared respect for all humanity.

In the short time since the inaugural group of 1200 students began taking courses on the 16th October 2004, the University has expanded in the numbers of students it caters for, and in the number and diversity of programs offered to students. Currently, the university offers in excess of 45 bachelor programs, 30 diploma programs, 2 higher diploma programs, 28 masters' programs and one PhD program. Construction of a new state of the art campus to support the continued growth of the university is currently underway nearby to its current location.

The Sultanate of Oman GEM team has been established since May 2019, and the University of Nizwa Entrepreneurship Center (UONEC) is immensely proud of its association with the GEM Oman. The GEM Oman team is supported by both the UONEC and the College of Economics, Management, and Information Systems (CEMIS).



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UNIVERSITY
RANKINGS



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Region

EXECUTIVE SUMMARY

The Global Entrepreneurship Monitor (GEM) conducted its 23rd annual survey of entrepreneurship in 2021 across 50 different economies. This survey represents the third consecutive year of the collection of data on entrepreneurial characteristics, attitudes, activities, aspirations, and ambitions of entrepreneurs, and includes the impact of the COVID-19 pandemic on entrepreneurship in the Sultanate of Oman. The 2021/2022 Global Entrepreneurship Monitor Report on the Sultanate of Oman illustrates national differences in entrepreneurial activity between the economies, revealing the factors that determine the nature and level of national entrepreneurial activity, and identifying policy implications for enhancing entrepreneurship in Oman. The key findings selected from the report are discussed next.

Impact of COVID-19 pandemic on entrepreneurship

The percentage of respondents who reported knowing at least one person who had stopped owning and managing a business because of the COVID-19 pandemic was less than 14% (2021: 13.7%; 2020: 66.5%), while 69.5% (2021: 2020: 62.4%) knew at least one person who had started a business resulting from opportunities revealed by the pandemic.

Despite the comparisons being at different stages of the pandemic, it can be noted that 13.5% (slightly less than 15.9% in 2020) of households reported they had suffered a considerable reduction in their income. In addition, 33.5% (slightly higher than 31.5% in 2020) reported a moderate decrease in their income.

Only 37.2% of the early-stage entrepreneurs surveyed perceived starting a business to be more difficult than it was in 2020 (52.7%). A similar impression was noticed among the established business owners (2021: 37%; 2020: 46.7%).

However, the two groups predict lower job growth than they anticipated in the previous year (37.2% of early-stage entrepreneurs and 30.9% of established business owners).

A low percentage of early-stage entrepreneurs (37.5%) and established business owners (22.6%) have identified, and want to pursue, new opportunities for doing business because of the pandemic.

As for those exiting or closing businesses during the past year (13.8% of the total sample), 44.1% of them cited the pandemic as the main reason.

Finally, in response to the COVID-19 pandemic, both early-stage entrepreneurs (23.5%) and established business owners (14.9%) have leveraged digital technology to sell products or services and they are expected to use more digital technology in the next six months (48.7% of early-stage entrepreneurs and 13.6% of established business owners).

Societal attitudes, affiliations, and self-perceptions

Less than 80% of the adults in the Sultanate of Oman reported believing that entrepreneurship is a good career choice, that entrepreneurs receive high social status and recognition, and that entrepreneurs receive positive media attention, while around 45% viewed that it is easy to start a new business in the Sultanate. These figures were lower than those in the previous year.

The percentage of the adult population reporting that they personally know an entrepreneur declined to 69.5% in 2021 from 84.2% in 2020.

The perceptions of adequate levels of entrepreneurial opportunity (67.8%) and capability (59.2%) among the adult population of Oman have also declined from the 2020 figures of 83.9% and 64.7% respectively.

Only 23.3% of adults saw that good opportunities would not be taken up due to fear of failure, which is by far the lowest among the GCC countries and the MENA region.

Phases of entrepreneurship

Over half of adults in Oman stated they intend to start a business in the next 3 years. However, this figure is slightly decreased by 3.9% in 2020 and is ranked fourth among the forty-seven economies that participated in GEM's 2021, and the highest among the GCC countries.

Around 13% of adults in Oman reported being entrepreneurs who had started or were running a new business, which represents a 3.3% decrease from 2020. Among the GCC countries, only Saudi Arabia reported a higher rate of 19.6%.

Around 90% of adults agreed with the motive of job scarcity and the need to earn a living, while 78.2% agreed with the motive of wanting to build great wealth. The motive of making a difference in the world was reported by 48.7% of the entrepreneurs, and continuing a family tradition was the lowest motivator (26%).

Finally, the percentage of the adult population reporting that they are established business owners increased by 12% from 2.5% in 2020 and 2.8% in 2021.

Impact characteristics

Over half of the early-stage entrepreneurs said they operate in the consumer-oriented service (down from 64% in 2020), followed by transformative (19.4%) (down from 24.6% in 2020), then both extractive (8.3%) and business services sectors (14.4%) (up from 1.8% and 9.6% in 2020, respectively).

Most of the entrepreneurs (74.2% of the early-stage entrepreneurs and 94.5% of the established business owners) said they sell nationally, and (97.2% of the early-stage entrepreneurs and 98.2% of the established business owners) said they sell locally. In all of the observed cases, the early-stage entrepreneurs (12.9%) and the established business

owners (11.1%) reported selling internationally.

Meanwhile, the percentages of those involved as early-stage entrepreneurs and established business owners aiming for high job growth of 20 or more in the next five years amount to 19.3% and 36.4% respectively.

In terms of market scope, roughly six out of ten (61.8%) of the early-stage entrepreneurs and eight out of ten (80.7%) of the established business owners stated that they sell nationally, while roughly three out of ten (25.9% of the early-stage entrepreneurs) and roughly one out of ten (8.8% of the established business owners) sell locally. In all of the observed cases, roughly one out of ten of both the early-stage entrepreneurs (12.4%) and the established business owners (10.5%) reported selling internationally.

As for the scope of innovation, 14% of the early-stage entrepreneurs said that they produce products or services new to their area, 3.6% produce products or services new on a national level, and 0.8% produce new products or services to the world.

Gender characteristics

The analyses of the attitudes and perceptions show that women are less likely than men to report entrepreneurship as a good career choice (36.1% vs 41.9%), to receive high social status and recognition (34.7% vs 41%), to receive positive media attention (31.1% vs 39.3%), to view that it is easy to start a new business (18.9% vs 25.7%), to report knowing entrepreneurs personally (32.2% vs 37.2%), to perceive opportunities (38.2% vs 39.6%), to state that they have the capabilities for starting a business (35.9% vs 23.3%), and to report their fear of failure (10.7% vs 12.5%).

Similarly, women were less likely than men to report having entrepreneurial intentions (46.5% vs 53.5%), starting or running businesses (11.9% vs 13.5%), and also establishing business ownership (1.1% vs 4.6%).

In terms of industry sector profile, there were mixed results. However, women were more likely than men to start business-oriented (15.9% vs 13.3%) and consumer-oriented (64.6% vs 52%) concerns. Among the established business owners, women were more likely than men to start consumer-oriented businesses (100% vs 36.1%). However, they were not participating in the other three sectors, namely: extractive (0% vs 2.8%), transformative (0% vs 47.2%) and business-oriented (0% vs 13.9%). Women from both the entrepreneurs and the established business owners were more likely than men to be selling locally, but they were also more likely to offer innovative products or services.

Age characteristics

In the Sultanate of Oman, societal attitudes toward entrepreneurship are positively higher among the age group of 25–34 who believe that entrepreneurship is a good career choice, and among those who believe starting a successful business has high status and respect, and receives media attention, but only just above half of them said that starting a business is easy. As for their intentions, the rates of the early stage of entrepreneurship and established business activity were also highest among the 25–34 age group.

The adult entrepreneurs (25–34 years) were the most likely to be motivated to start or run a new business to earn a living because jobs are scarce. They were also most likely to be motivated to make a difference in the world, build wealth, and continue a family tradition.

Informal investors

In Oman, only 8.1% of the adult population invested in entrepreneurship during the past 2 years.

The median investment amount declined to 550 OMR

in 2020 from 2,000 OMR in 2019 but it increased to 1500 OMR in 2021.

Finally, over half of the investors provided funds to their close family members or a friend or neighbor (25.8%), and very few (2.3%) invested in people whom they did not already know.

National context for entrepreneurship

Results of the National Expert Survey (NES) indicate that only two of Oman's ratings in the nine Entrepreneurship Framework Conditions (EFCs) scores are sufficient.

The National Entrepreneurship Context Index (NECI) in Oman scored 4.1 in 2021. The highest rating was for internal market dynamics, which refers to the extent to which there is a free and open market where shifts in demand are met with changes in supply. Also receiving a high rating were cultural and social norms, and societal support for entrepreneurship.

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Chapter

1

GEM Overview

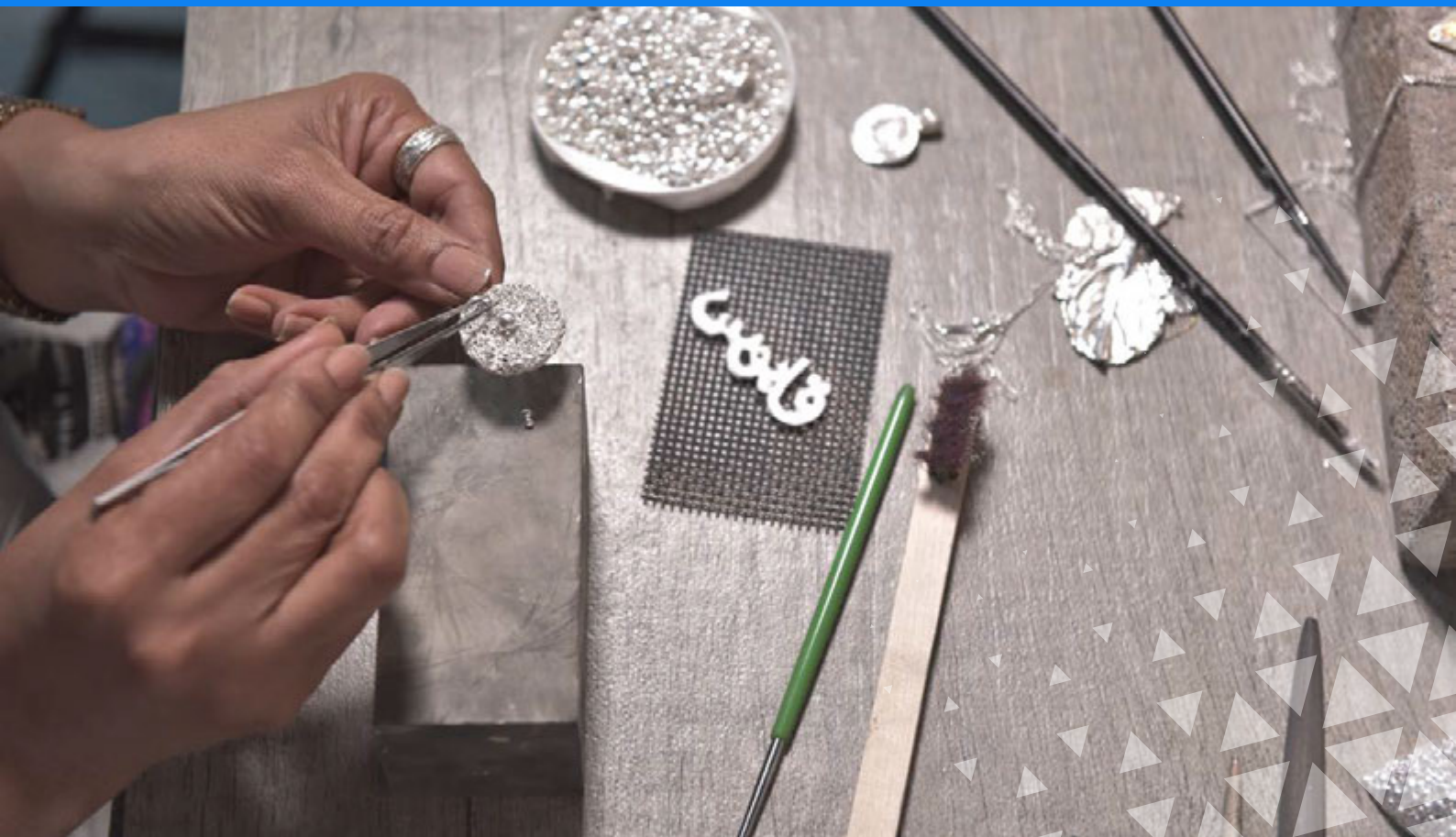
1.1 Introduction

GEM has become the most ambitious global research program focused on primary data collection and analysis of the levels and characteristics of entrepreneurship around the world. Designed between 1997 and 1998 by scholars of London Business School and Babson College (Professors Michael Hay, Bill Bygrave, and Paul D. Reynolds), GEM started operations in June 1998 as a pilot program conducted in five countries: Canada, Finland, Germany, the United Kingdom, and the United States. With its formal launch in 1999, GEM increased the number of participating countries to 10, launched several national reports, and published the first GEM Global Report. Since then, research teams in 114 economies from all regions of the world have administered GEM's adult population survey (APS) and National Expert Survey (NES).

The year 2021, is the third year of participation in the GEM Oman project. The purpose of the GEM reports is to provide a range of stakeholders with results on a wide set of indicators, covering the

level and nature of entrepreneurial activity, and entrepreneurial attitudes and perceptions, in the adult population of each participating economy. GEM also offers a diagnostic tool to gauge the average state of national entrepreneurial framework conditions—information that plays a significant role in assessment and policy design for national governments and international organizations (such as the World Bank, the United Nations, the World Economic Forum, the European Commission, and the Organization for Economic Co-operation and Development) and other entities.

GEM has been the world's largest and longest-running study of entrepreneurship since it was started in 1999. In 2021, GEM research drew comparisons between 50 economies during the COVID-19 pandemic. According to the GEM, entrepreneurship, or entrepreneurial activity, is defined as "the act of starting and running a new business, i.e., not just thinking about it, or intending to start, but expending resources to get a new business off the ground" (Global GEM report 2021–2022, p. 22).



1.2 The GEM methodology

GEM analyses and reports are based on information provided by two surveys:

- The Adult Population Survey (APS)
- The National Expert Survey (NES)

All national teams participating in GEM apply the same methodology with standard questionnaires, with some opting to add questions relevant to their national context. Each National Team is responsible for supervising the collection of GEM data, and then reporting results based on that national data set to the GEM consortium. In Oman, the GEM National Team is led by the University of Nizwa in collaboration with the SMEs Development Authority. The Oman team is responsible for collecting GEM data annually in Oman. Each year, once the Global Report has been published, the Oman team produces the National Report for specific entrepreneurial activity indicators.

Specifically, the APS employs a random and representative sample of at least 2,000 working-age adults. It is an extensive questionnaire that assesses participants' entrepreneurial intentions, activities, attitudes, motivations, and ambitions. The results are then cross-checked and quality-approved by GEM's technical team. In the case of Oman, 2,000 individuals were surveyed in 2021—the greater the number of people surveyed, the higher the level of representativeness of the sample, and the lower the sampling error. This scale also allows for detailed analyses in areas such as gender, age, educational level, and other relevant socio-demographic variables.

Sources such as company registrations or VAT returns can provide firm-level data on businesses that are formally registered. The GEM approach, on the other hand, focuses on people, which allows for an assessment of societal attitudes

and perceptions of the population toward entrepreneurship. In addition, this approach captures the involvement of individuals who are starting and/or owning and managing a business. GEM's methodology also provides information on the 'informal' economy—the diverse set of economic activities, enterprises, and jobs that are neither regulated nor protected by the state. This informal activity is obviously not captured by official statistics but can represent a considerable role in the national economy.

The NES is conducted using a standardized questionnaire to gain responses from at least 36 experts, all of whom are carefully selected according to their expertise in, and knowledge of the conditions considered to be most representative of the context for entrepreneurship, and whether they encourage or discourage this activity. In this sense, the information provided by this survey allows for a diagnostic approach, based on subjective but expert perceptions of the economic, social, and political context in which entrepreneurs develop their activities.

1.3 What is new this year?

2020 and 2021 were exceptional years because of the COVID-19 pandemic. The impact of the pandemic is affecting multiple fronts, ranging from health to social and economic transformation. It is estimated that the pandemic is significantly accelerating technological development, especially to face its consequences on the health of populations but, at the same time, to facilitate new forms of work, management, and production. Entrepreneurship, strongly associated with innovation, is playing a very prominent role in this transformation, and GEM has inserted blocks of questions in its information tools designed to capture the impact of these effects in the participating countries.

The 2021 GEM surveys included new questions related to:

- APS: The 2021 GEM APS included new questions on whether entrepreneurs consider social and environmental impacts when making decisions about the future of their businesses. The GEM APS database can be used to assess the impact of the pandemic on entrepreneurs worldwide. In 2021, the survey included specific COVID-related questions, including whether starting a business is more difficult than it was a year ago, and whether new businesses are expecting to use more digital technologies to sell their products. There are also multiple other ways that the APS can reveal impact: for example, by facilitating a comparison of entrepreneurial activity between levels pre-pandemic (2019), in the early stages of the pandemic (2020), and in its more advanced stages (2021). Oman is fortunate that it has participated in these three years because it can now provide a useful comparison of activities before and after COVID-19.

- NES: In this year's NES, experts are also asked about the impacts of the pandemic on the entrepreneurial environment. This information has no precedent and is of great value for helping policymakers and different stakeholders to understand the entrepreneurial contexts of countries that participated in the GEM 2021 and the entrepreneurial conditions in their economies.

1.4 The GEM conceptual framework

GEM's conceptual framework (**Figure 1-1**) illustrates the relationship between entrepreneurship and its environment. The framework guides the data collection activities and research that contribute to GEM's key aims, which are as follows:

- Uncover factors that encourage or hinder entrepreneurial activity, especially those related to societal values, personal attributes, and the entrepreneurship framework conditions.

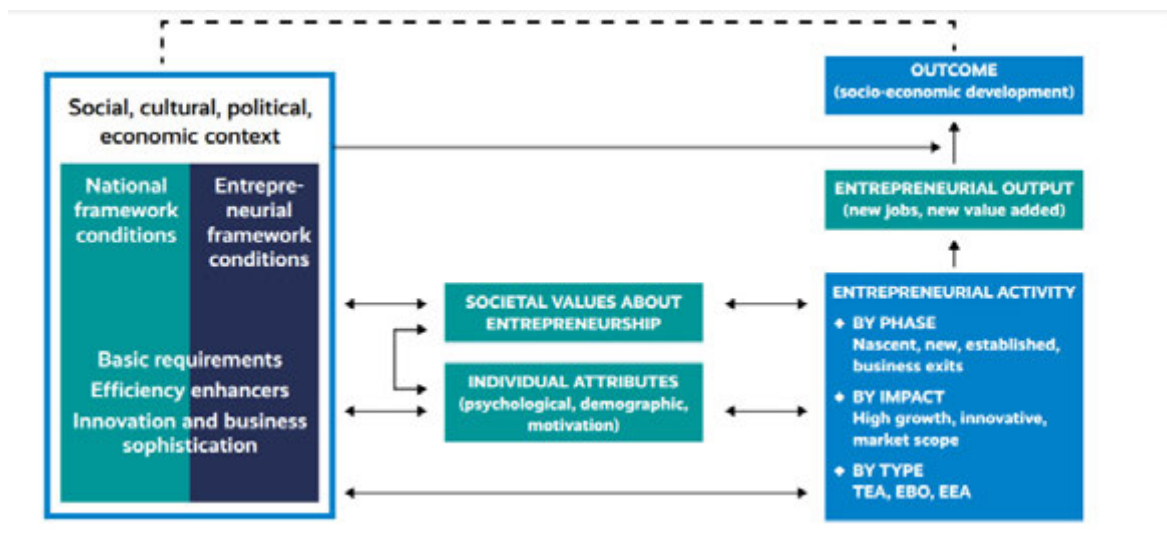


Figure 1-1: The GEM framework*
 Source: GEM Global Report, 2018, 2019.

*TEA refers to entrepreneurial activity, EBO refers to established business activity, and EEA refers to employee entrepreneurial activity.

- Provide a platform for assessing the extent to which entrepreneurial activity influences economic and social growth within individual economies.
- Uncover policy implications for enhancing entrepreneurial capacity in an economy.
- Provide a platform for the progressive incorporation of new developments on topics related to the entrepreneurial phenomenon.

In its research, GEM distinguishes between three stages of entrepreneurial activity:

- **Nascent Entrepreneurs:** those who have actively devoted resources to start a business but who have not yet paid wages or salaries for three months (including to themselves)
- **New Business Owners:** those starting and running a business and paying wages or salaries for three months or more
- **Established Business Owners:** those running a business that has paid salaries for 42 months or more

The GEM framework shows how the social, cultural, political, and economic context influences entrepreneurship directly, as well as indirectly, through societal values and individual attributes. These influences can be positive or negative. Entrepreneurship, in turn, creates jobs and new value, which then contribute to socio-economic development.

The entrepreneurship framework conditions include financing for entrepreneurs; government policies, taxes, and bureaucracy; government entrepreneurship programs; entrepreneurship education at school and post-school stages; R&D transfer; commercial and legal infrastructure; internal market dynamics, and entry regulation; physical infrastructure; and cultural and social norms.

Societal values related to entrepreneurship include the extent entrepreneurship is considered a good career choice, whether entrepreneurs have high social status, and the extent to which the media positively represents entrepreneurs. Individual attributes include demographic characteristics (gender, age, etc.), self-perceptions (perceived capabilities, perceived opportunities, fear of failure), motives for starting a business, reasons for discontinuing a business, and involvement in entrepreneurship as an informal investor.

Figure 1-2 shows GEM's key indicators, which include participation in various phases of a business development, from conception to starting and running a new business, to the mature phase of fully established business ownership. The figure also shows business exits, after which entrepreneurs might start another business or continue to be involved in entrepreneurial activity in other ways. For the individuals involved, exiting a business can provide valuable experience and lessons that can be applied to future efforts and shared with other potential and actual entrepreneurs.

TEA is a key GEM indicator. It represents the proportion of the working-age adult population actively engaged in starting or running a new business. Specifically, TEA is the sum of those actively starting a new business (the nascent entrepreneurs, who have not yet paid salaries for three months or more), plus those who are already running a new business (the new business owners, who have paid wages for more than three months but less than 42 months), minus any double-counting (that is, entrepreneurs doing both). Those individuals who are running a business and have paid wages for 42 months or more are categorized as established business owners.

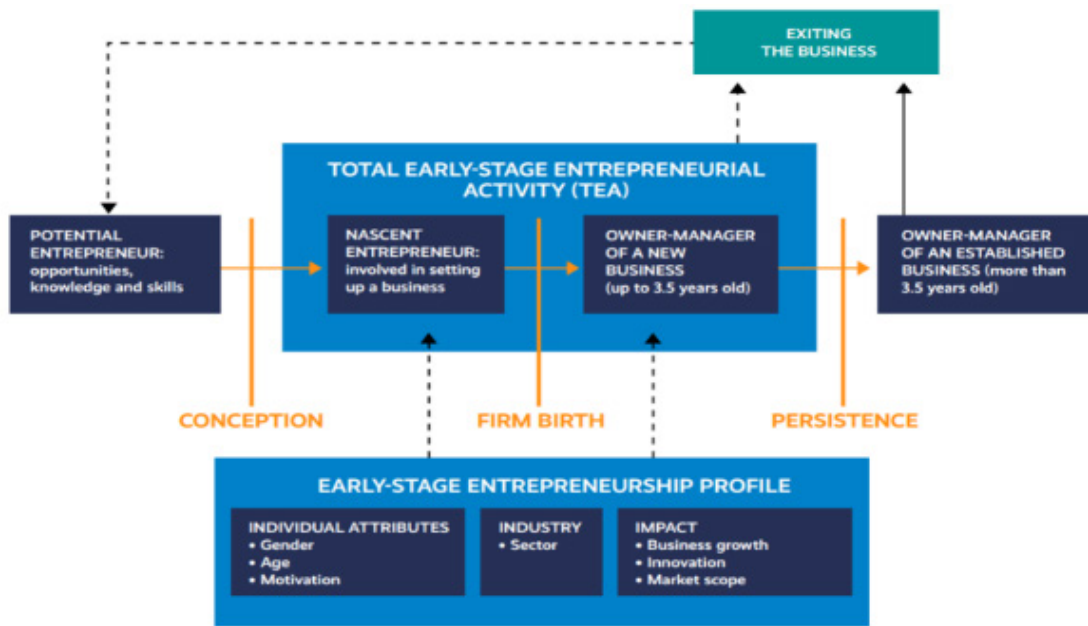


Figure 1-2: Entrepreneurial phases and GEM entrepreneurship indicators
 Source: GEM Global Report, 2019

1.5 Economies participating in GEM 2021

In 2021, 47 economies participated in both GEM surveys, and 3 national teams participated only in the NES due to the difficulties of collecting data during the pandemic (47 countries participated in the APS and 50 countries participated in the NES). Previous Global Reports have categorized participating economies by income and by region. The income categories were those used by the World Bank, based on Gross Domestic Product (GDP) per capita. However, as economies have developed, an increasing number of GEM-participating countries have fallen into the high-income category. Applying the World Bank income categories over the past three years would result in two-thirds or more of GEM economies being classed as high-income, with few in the middle-

income group and very few low-income. Hence, comparing GEM results by income group was becoming less and less meaningful. Because of this, for the 2021/2022 Global Report, GEM has continued to use World Bank data but has defined its own income boundaries in order to achieve a more even spread of participating economies, and hence more meaningful comparisons.

Table 1-1 outlines the GEM-participating economies, categorized by GEM into three income levels, using World Bank GDP per capita data as follows:

- Level A: economies with a Gross Domestic Product (GDP) per capita of more than \$40,000
- Level B: with a GDP per capita of between \$20,000 and \$40,000
- Level C: economies with a GDP per capita of less than \$20,000

Table 1-1: Economies in GEM 2021, classified by income (\$ GDP per capita)

Level A >\$40,000	Level B >\$20,000<\$40,000	Level C <\$20,000
Canada	Belarus	Brazil
Finland	Chile	Colombia
France	Croatia	Dominican Republic
Germany	Cyprus	Egypt
Ireland	Greece	Guatemala
Italy	Hungary	India
Japan	Kazakhstan	Iran
Luxemburg	Latvia	Jamaica
Netherlands	Lithuania	Mexico
Norway	Oman	Morocco
Qatar	Panama	South Africa
Republic of Korea	Poland	Sudan
Saudi Arabia	Romania	
Sweden	Russian Federation	
Switzerland	Slovak Republic	
United Arab Emirates	Slovenia	
United Kingdom	Spain	
United States	Turkey	
	Uruguay	

Source: Global GEM Report 2021

1.6 Oman GEM Project

Entrepreneurship is important for Oman as it is one of the key drivers for economic growth and economic development, and one of the instruments for implementing Oman Vision 2040. Starting new businesses will support Oman's transfer to a knowledge-based economy. Entrepreneurship creates new job opportunities for Omani youth, encourages innovation and creativity, adapts new technology, and increases national productivity and knowledge transfer, thus enhancing economic growth.

Economies and communities have suffered from the impact of the pandemic during 2021. This year's Oman GEM report has presented many indicators regarding the impact of COVID-19 on business and entrepreneurial activities. Policymakers will eventually look to entrepreneurship as one of the vital solutions for the economy after the pandemic era. In addition, entrepreneurship brings new social benefits and solves many community problems by making the community more dynamic and ready for any environmental changes.

The Sultanate of Oman GEM team was established in May 2019 under the University of Nizwa Entrepreneurship Centre (UoNEC), which is supported by the College of Economics, Management, and Information Systems (CEMIS). This project is in collaboration with the SMEs Development Authority in Oman, as it is the main key partnership. The Oman GEM team has taken responsibility for assessing entrepreneurial activities and their context, providing information and diagnostics as a basis for giving support to the design of adequate actions to improve entrepreneurship's effectiveness and socio-

economic impact. This is the third National Team Report elaborated by this team after the 2019/2020 national report (English version) and 2020/2021 national report (Arabic and English version).

Oman's economic transition is driven by entrepreneurship based on Oman's Vision 2040. The Oman Vision 2040 aims to diversify the economy and increase the contribution of non-oil sectors. The Omani economy is heading towards a robust base of economic diversification with a focus on technology, knowledge, and innovation. This transition has led the Omani government to set up policies and programs to promote national talent to actively participate in the country's economic development through their involvement in small and medium enterprises.

This Oman GEM project provides an in-depth understanding of the entrepreneurial phenomenon by sharing experiences in entrepreneurship studies with other countries from around the world. This will also help to identify problems and provide solutions by examining success factors from the member countries that have experienced a similar transition. Last but not least, Oman will need action to enhance and stimulate its economic growth and maintain economic stability during the coming decade. All in all, the Oman GEM research provides a comprehensive evidence-based set of insights for policymakers and all sets of stakeholders, and most importantly at present, insights into pandemic impacts and potential explanations.

Therefore, this report highlights the results of the 2021 GEM surveys in Oman, offering a detailed picture of Oman's entrepreneurship profile. Comparisons are made with results from other countries in the region.

A Success Story

by Salem bin Ahmed bin Khalfan Al Busaidi, the owner of a factory for the manufacture of paper bags in the industrial city of Samail (Madayn), Sultanate of Oman.

I started from the beginning by knowing the deficiencies in the market and the most prominent products that are imported from outside the Sultanate of Oman, and how to better localize these products in the Sultanate.

What distinguishes me is how I manage my project and how I do marketing, which is through professionally prepared personal interviews and telemarketing. The financial issue was the most prominent challenge for the establishment of the project, and how to prepare the market to shift

from using the plastic bags (that are harmful to the environment) to paper bags as an alternative. The project has got helpful support from the Small and Medium Enterprises Development Authority and the Industrial Innovation Academy (Madayn). One of my aspirations is to reach international markets and open factory branches in many different countries. I advise upcoming entrepreneurs, who want to open new projects, to persevere, work hard, learn continuously, and form qualified and highly efficient teams to follow up everything new in the world of entrepreneurship, as well as forming communication networks within and outside the Sultanate of Oman to benefit from previous experiences.



A scientist wearing a white lab coat, blue gloves, a white face mask, and safety glasses is working in a laboratory. The scientist is using a pipette to transfer liquid into a test tube. The background is a blurred laboratory setting with shelves and equipment. A large red number '2' is overlaid on the image, and the text 'Chapter' is written vertically in white. The title 'Impact of COVID-19 on Entrepreneurship' is written at the bottom in white.

Chapter

2

**Impact of COVID-19
on Entrepreneurship**

2.1 Introduction

The results from the GEM 2021 survey indicate substantial effects of the pandemic on household income in Oman, with 13.5% of households reporting they had suffered a considerable reduction in their income, and 33.5% reporting

a moderate decrease. There was no change for 52.1% of the respondents, and only 0.9% reported an increase in their household income. Entrepreneurs and established business owners were somewhat more likely to report a strong or moderate-income decline: 45% vs 50% for the rest of the population.



2.2 Closures and startups

During the COVID-19 pandemic and lockdown, the business environment in Oman underwent rapid change regarding startups and closures of businesses. As in the rest of the world, those in Oman who were operating in the travel and tourism, food and beverages, and entertainment sectors suffered greatly. The pandemic reduced financial profitability for most businesses but had highly adverse effects on small and medium enterprises (SMEs), which typically suffer from limited cash reserves and a consequent inability to meet expenses beyond a few months ahead. In response to the pandemic, governments closed many official and private sector institutions, and imposed additional regulations to protect the public.

GEM results show that the Omanis believe the pandemic has led to more closures than new startups. Furthermore, 45.7% of the Omani respondents said that the main reason for

business exits was the pandemic; 13.7% reported knowing at least one person who had stopped owning and managing a business due to the pandemic. However, 69.5% Omanis reported that they knew at least one person who had started a business.

2.3 Challenges and opportunities

TEA and established business owners and/or managers were asked about their perception of increased difficulty of starting new businesses as compared to the difficulty found in the previous year. Both groups showed a significant drop in the percentages of such perception in 2021, despite their both being in the same circumstance of pandemic prevalence. See **Figure 2-1** below.

However, while the perception of difficulty in starting businesses fell throughout the pandemic, so too did the perception of new opportunities having been opened up, as shown in **Figure 2-2**.

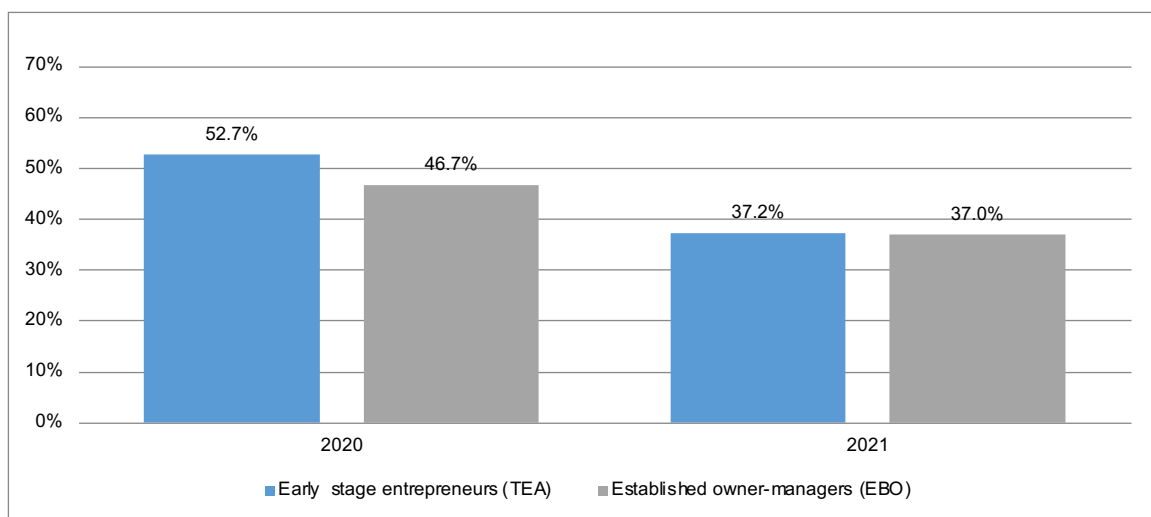


Figure 2-1: Perception of difficulty starting new business compared to previous year, 2020-21

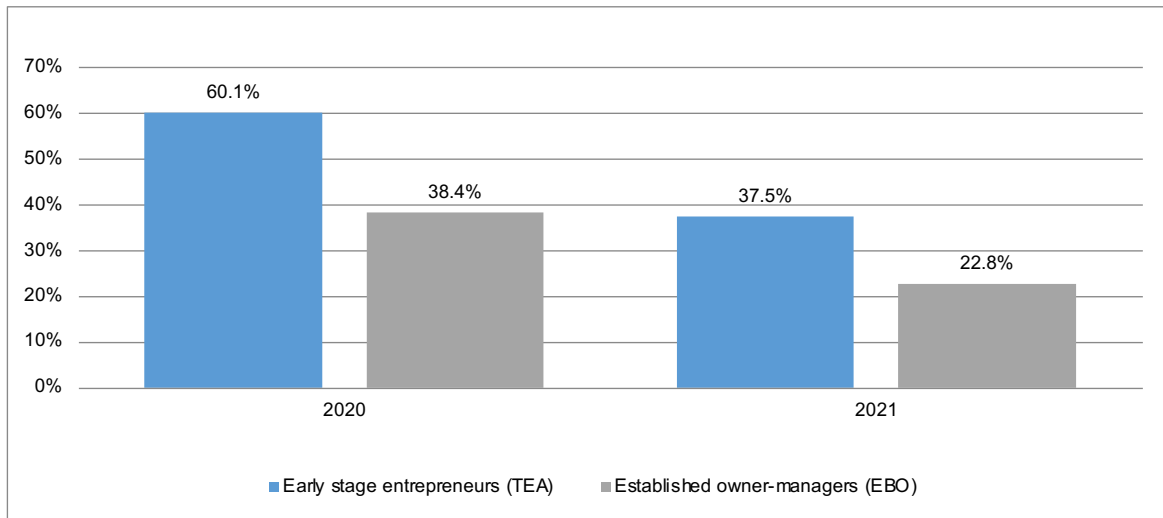


Figure 2-2: Perception of new opportunities provided by COVID-19 pandemic

2.4 Business discontinuation

Based on the methodology GEM uses every year to estimate business exit and business closure, in 2021 it was found that 13.7% of the adult population had either exited or closed a business in the past

year; 3.6% of adults had exited businesses that then continued in other hands; and 10.1% had closed a business. **Figure 2-3** shows the main reasons for exiting or closing a business. The COVID-19 pandemic was cited as the main reason by 44.1% of those who exited or closed a business.

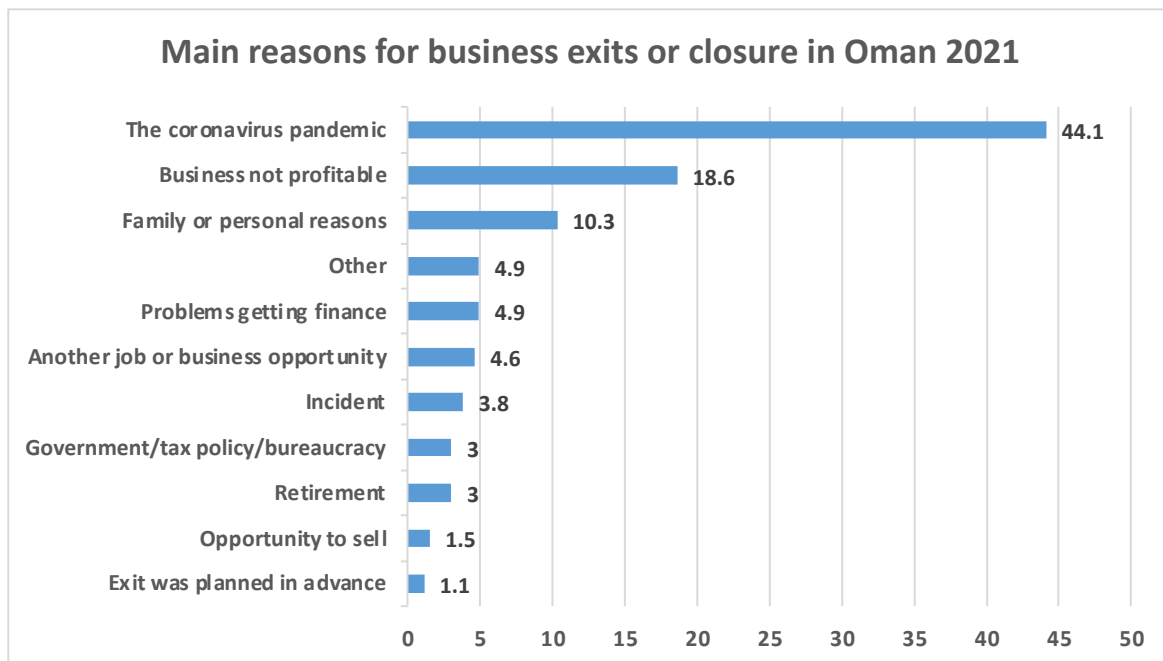


Figure 2-3: Main reasons for business exits or closure in Oman 2021

2.5 Growth expectations compared to one year ago

The growth expectations of early entrepreneurs and established owner managers have also

decreased very significantly between 2020 and 2021, although, in both groups, in 2021, a little more than a quarter of businesses still have expectations of growth. See **Figure 2-4**.

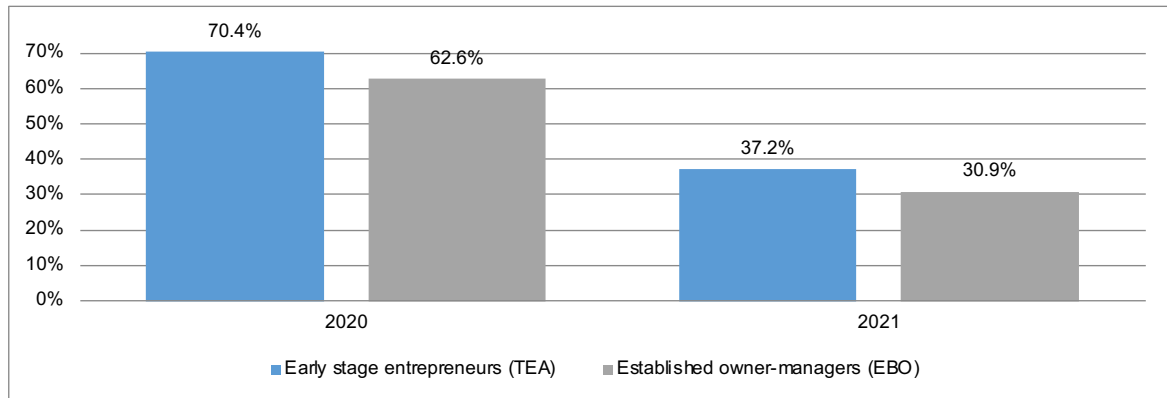


Figure 2-4: Growth expectations compared to previous year, 2020-2021

2.6 Impact of the pandemic on the usage of digital technologies for TEA and EBO businesses

The digitalization of business has been accelerated by the pandemic for both TEA and EBO businesses. In Oman, almost half of the entrepreneurial and established activities have adopted digital technologies or have enhanced the initial plans they had with new or improved digital technologies.

The impact of digitalization is expected to encourage the emergence of new digital products and services based on the principle of flexibility. Additionally, new ways of working will foster the demand for new talent regardless of people's geographical location. Moreover, cybersecurity and privacy will become two key elements that

will support the integrated development of the Internet of Things technology solutions, artificial intelligence, big data, and robotics.

In response to the pandemic, 23.5% of TEA businesses and 14.9% of EBO businesses adopted digital technologies, as shown in **Figure 2-5**. Likewise, 19.2% of early-stage entrepreneurs enhanced their initial plans with new or improved digital technologies, while established owner-managers more than doubled that figure. The survival of many types of businesses in the market is currently dependent on digital technology; however, many businesses (more than 40%) can function without it among both TEA and EBO. The findings reveal that 48.7% of entrepreneurs (TEA) expected to use more such technologies to sell their products or services in the next six months. On the other hand, more than 75% of established owner managers did not expect to do so (**see Figure 2-6**).

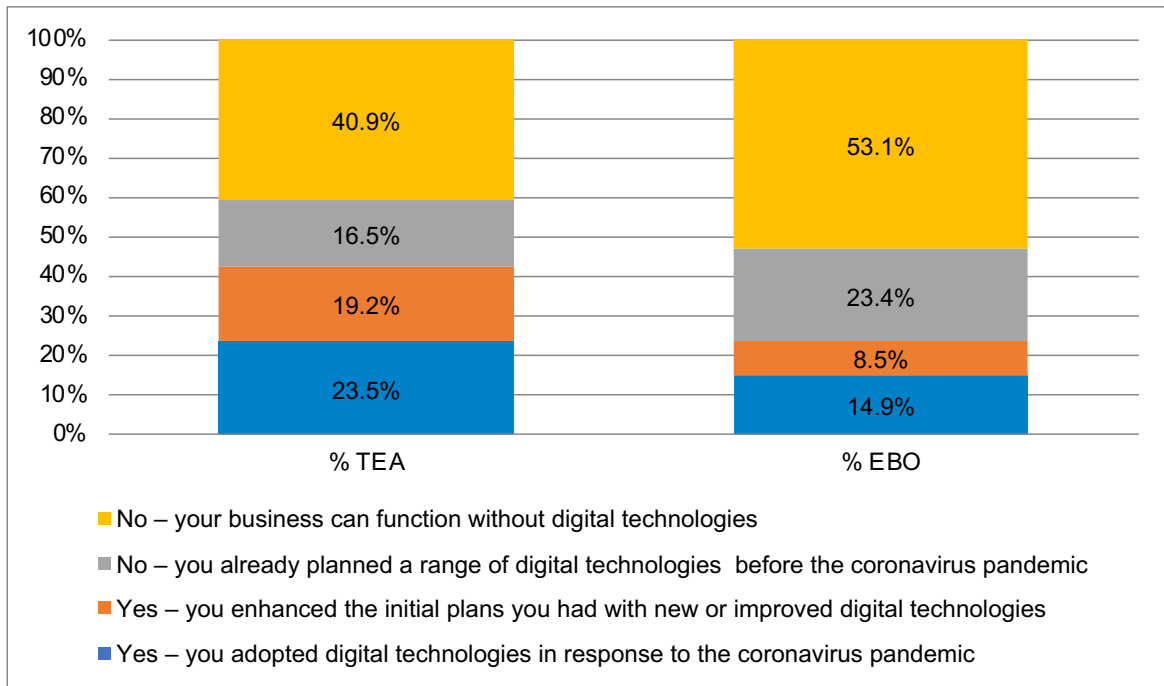


Figure 2-5: Changes made to businesses using digital technologies v in response to the COVID-19 pandemic

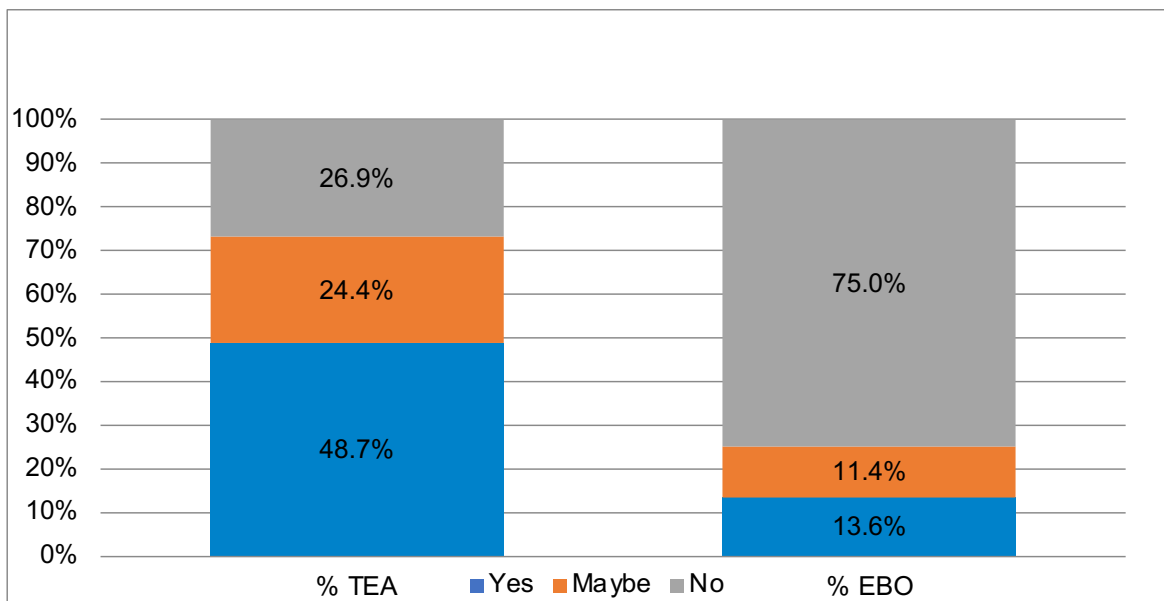
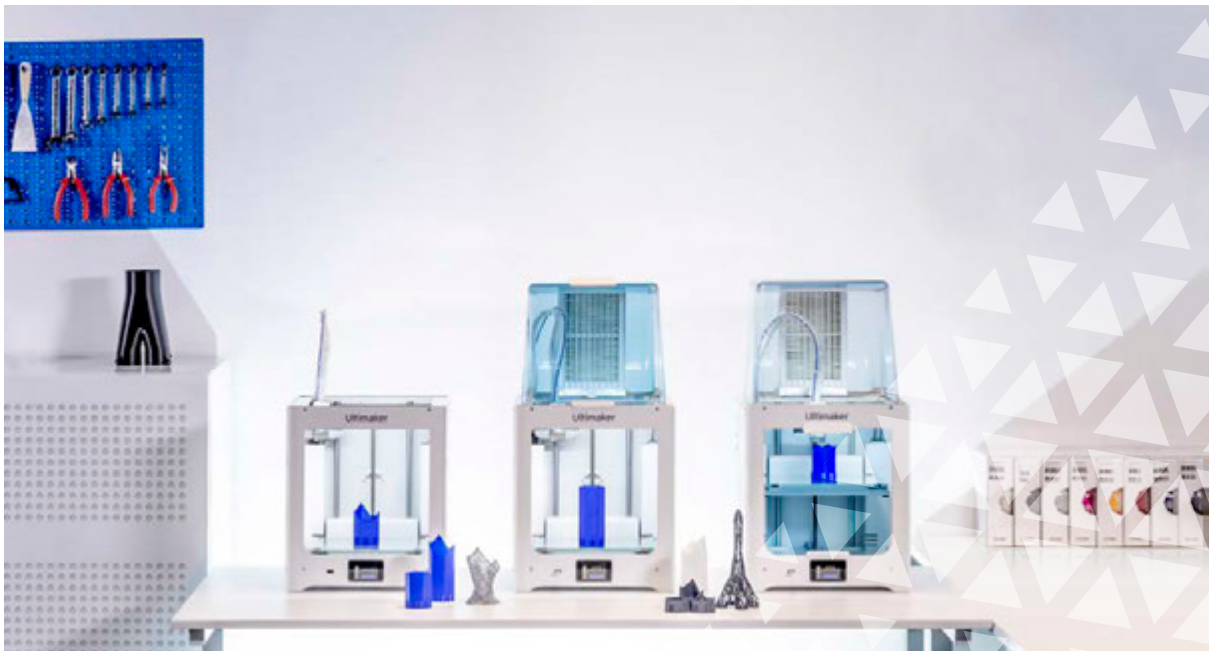


Figure 2-6: Expectation of using more digital technologies in the next six month,2021

A Success Story



اتومز لاب
Atoms Lab



Based on the market need for advanced manufacturing techniques that enable them to develop products and prototypes at speed and low cost, Atoms Lab was launched in 2018 as a developer of Additive and Subtractive Manufacturing. It is currently working with many institutions and entrepreneurs in the medical and manufacturing sectors, as well as craft industries, to develop services and products, taking advantage of digitized manufacturing and diversity of materials.





Chapter

3

**Societal Attitudes, Affiliations,
and Self-Perceptions**

3.1 Societal attitudes

There are several significant differences in the societal attitude and perception pertaining to entrepreneurship. These are affected by multiple dimensions and characteristics that determine the adult population's responses. In the Sultanate of Oman during 2021, societal attitudes towards starting entrepreneurial ventures reported notably positive perception. More importantly, the attitude of society in 2020 compared to 2021 was

quite more positive towards entrepreneurship, as illustrated in **Figure 3-1**. Nevertheless, most of the respondents consider the following: that starting a new business is a good career choice (78% in 2021 compared to 81.5% in 2020); that it acquires high status and respect; and that it gains attention through being publicized as a success story in the media. However, the majority of Omani adults found that starting a new business was much easier in 2020. The government has responded by providing different kinds of support during the pandemic, as mentioned in Chapter 10.

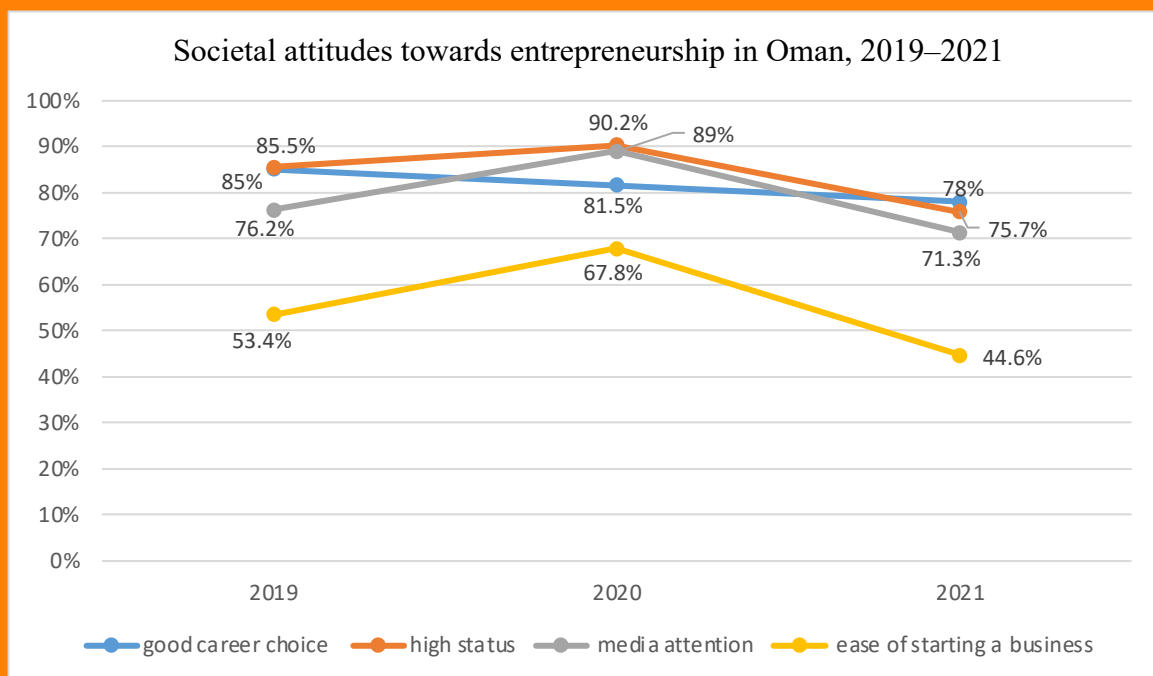


Figure 3-1: Societal attitudes towards entrepreneurship in Oman, 2019–2021

3.2 Affiliations and self-perceptions

Although there were increasing responses of knowing someone who had started a business or become self-employed in the last two years in 2019 (73.9%) and 2020 (84.2%), the result dropped to

69.5% in 2021, as shown in **Figure 3-2**. This can be explained by the lockdown conditions during the pandemic, and also to fewer opportunities and increasing difficulties impeding market progression. However, Oman stands the highest among the countries in the GCC region regarding survey participants' affiliation with entrepreneurs, as we will see in Chapter 5.

As shown in **Figure 3-3**, the adult population still demonstrates positive responses regarding good opportunities to start a business in the next six months. Even in 2020, the first year of the pandemic, perceptions of entrepreneurial capability reached a peak percentage. This confirms that Omanis have

the knowledge, skills, and experience required to start business during the pandemic in 2020. However due to the lockdown in some periods many of entrepreneurs in 2021 were not able to attend entrepreneurial capacity building programs and as well not able to discover new opportunities

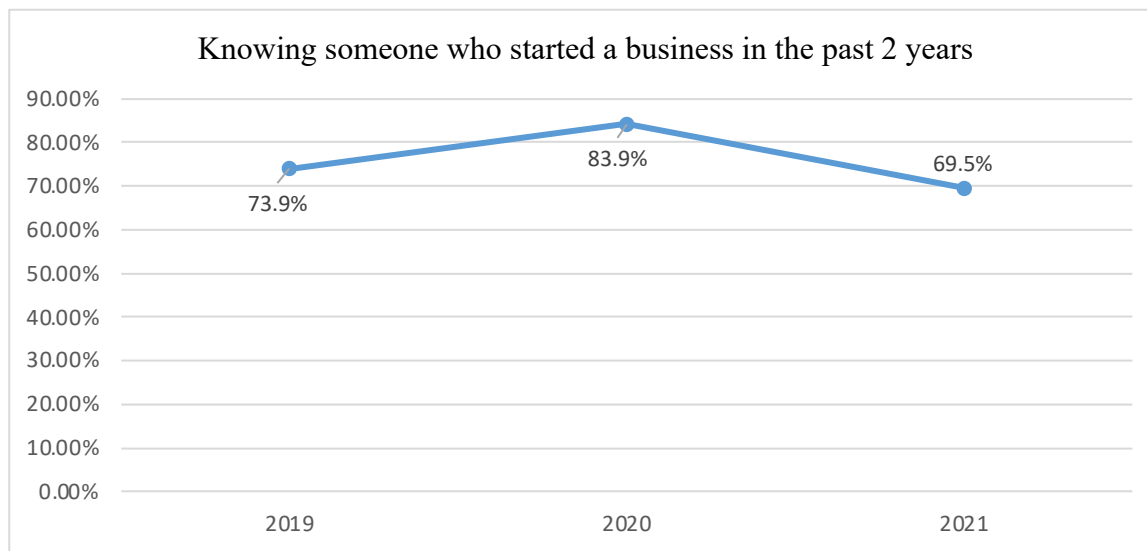


Figure 3-2: Knowing someone who started a business, 2019-21

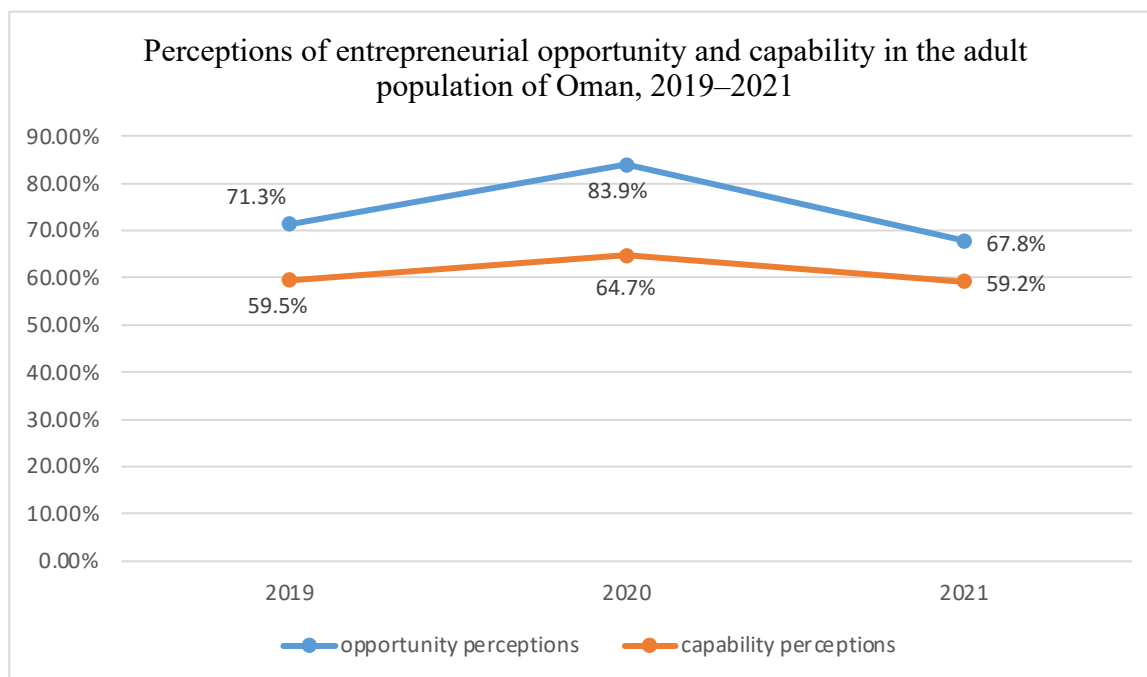


Figure 3-3: Perception of entrepreneurial opportunities and capability, 2019-2021

Among those who saw opportunities to pursue a new business in the current context, the fear of failure falls dramatically during 2021 at only 23.2%, as presented in **Figure 3-4**. It is worth mentioning that Oman has the lowest level of fear of failure among all GCC countries. This

finding explains that Omanis have positive attitudes toward entrepreneurship, by which they recognize opportunities and are ready to use their capabilities and skills with the support of government to perform entrepreneurial activity.

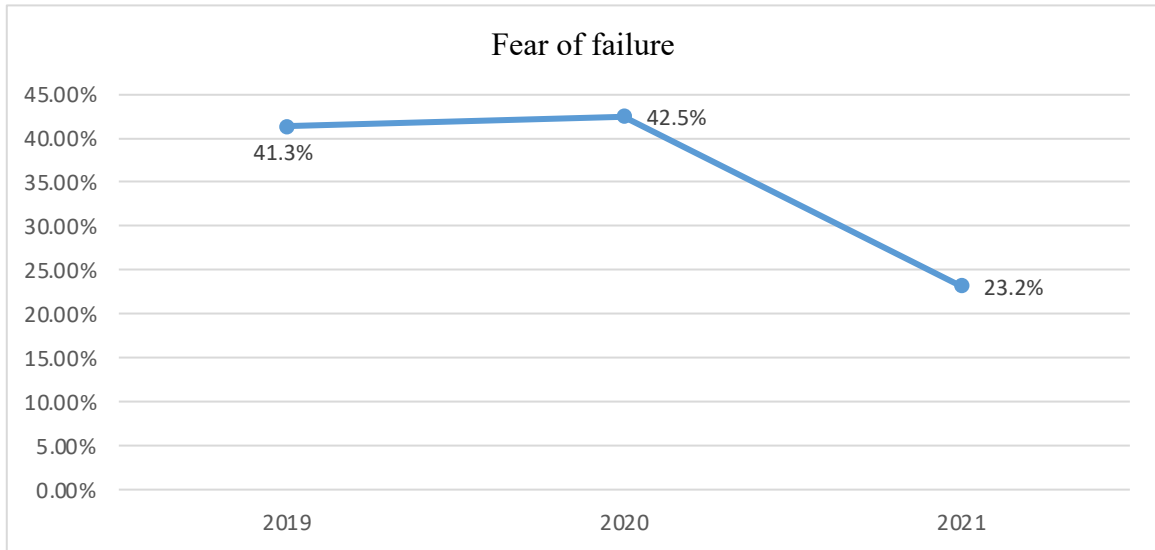


Figure 3-4: Fear of failure, 2019-21



A Success Story



by Ibrahim bin Murad bin Suleiman Al Balushi, owner of Al Qimma Foundation for Business (Al Qimma Packaging)

At the beginning of my career, I wanted to achieve my goal that I have settled, which is to work on my own project, especially in the packaging field. Thanks to God, the goal was achieved and I have established the factory. I have used social media for marketing my product. At the beginning of the project, I faced many difficulties in constructing the factory

due to the global circumstances during the period of COVID-19 in the matter of closure, and the problem of supply chains that affected the importing of equipment. For the future, I am looking to expand and develop the project. I advise potential entrepreneurs to have clear visions and goals and do a good feasibility study for the project.



Chapter

4

Phases of
Entrepreneurship

4.1 Intentions

The entrepreneurial intentions are indicated in the initial stage of the entrepreneurship process and show the potential for new business initiation in the near future. The result shows that over the past three years the entrepreneurial intentions among the adult population

(aged 18–64 years) have been reduced remarkably. **Figure 4-1** shows that entrepreneurial intentions among the adult population declined from 65.3 percent in 2019 to 53.2 percent in 2021. The possible reason for this trend may be the adverse impact of the COVID-19 pandemic on the major economic and business sector in Oman during 2020 and 2021.

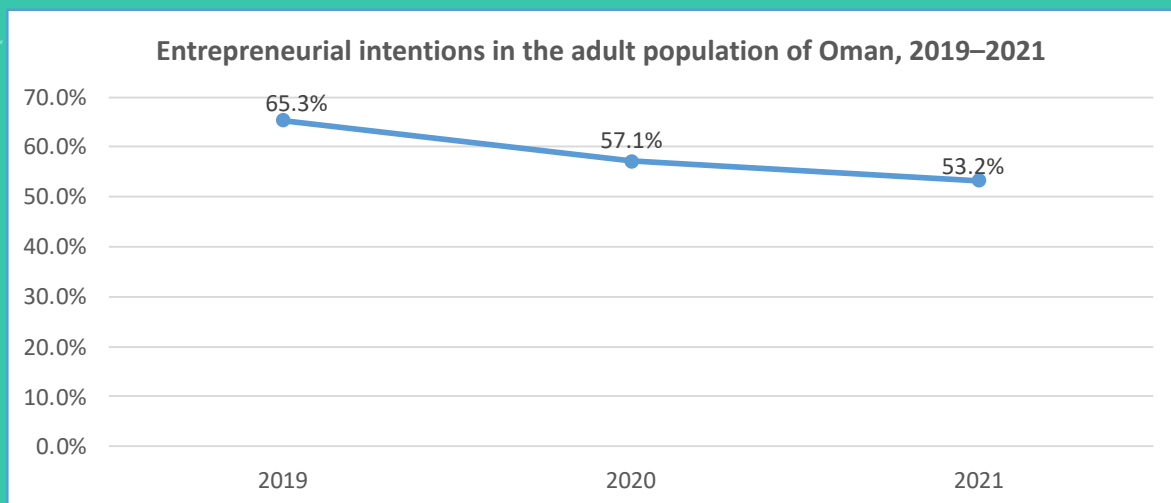


Figure 4-1: Entrepreneurial intentions in the adult population of Oman, 2019–2020
Source: GEM Oman, 2019–2021



4.2 TEA rate

Nascent and new entrepreneurial activity make up the TEA rate: the percentage of the population aged 18–64 years who are involved in any entrepreneurial business operation in the market for up to 3.5 years. Nascent entrepreneurs are defined as entrepreneurs who have newly started a business but have not yet paid salaries for 3 months, while new business owners have been operational in their markets for between 3 months and 3.5 years. **Figure 4-2** shows that from 2019 to 2020

the TEA rate, along with its two components, increased significantly from 7% to 16%, which coincides with the government’s implementation of an effective policy intervention that encouraged entrepreneurship in Oman.

However, the TEA rate declined from 16.0% in 2020 to 12.7% in 2021. The reason for this may be the second wave of COVID-19 that severely affected the major economic sectors in Oman, caused a decline in oil prices, and demotivated entrepreneurship.

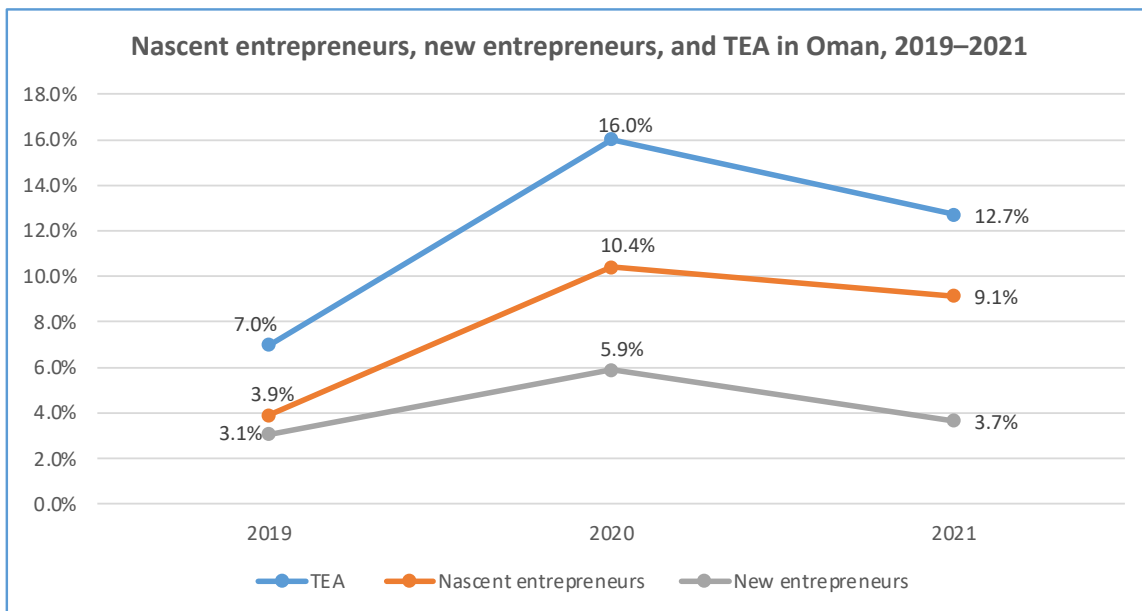
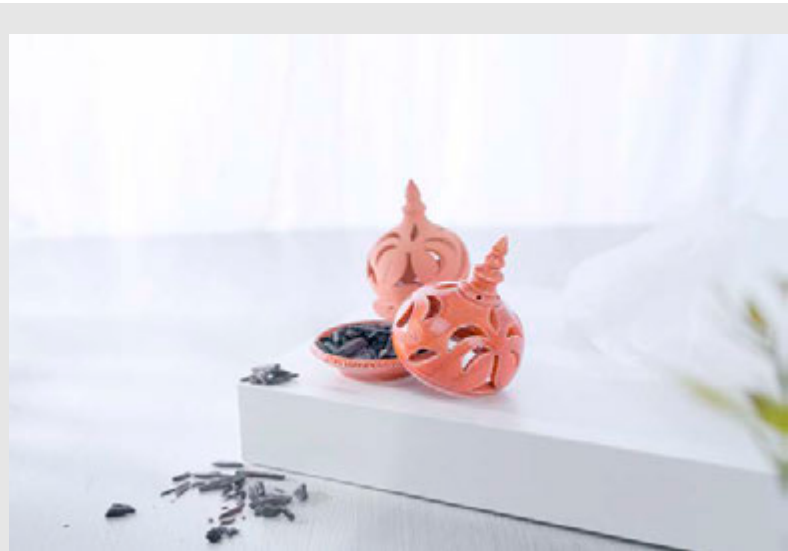
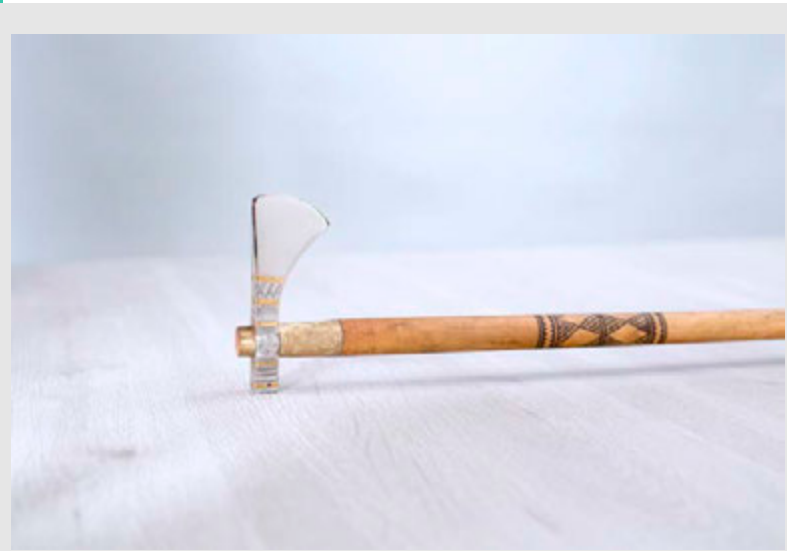


Figure 4-2: Nascent entrepreneurs, new entrepreneurs, and TEA in Oman, 2019–2021
 Source: GEM Oman, 2019–2021



4.3 Motivation

GEM assesses four motivations for starting a business, and respondents can indicate multiple motives. In Oman, the study compared the major motivating factor for entrepreneurship over the previous three years (2019–2021). **Figure 4-3** shows that the most common motivating factors in 2021 were to find job opportunities and to build wealth. During 2019–2020, there was a major

change for the motive of continuing a family tradition, which increased from 26.6% in 2019 to 48.7% in 2020 and then declined to 26% in 2021. This could reflect the fluctuations in the amount of time spent with family during the pandemic. In Oman, the levels of agreement with the motive “to make a difference in the world” were especially low, which indicates that Omani entrepreneurial products need more innovation or variation in order to reach the global markets.

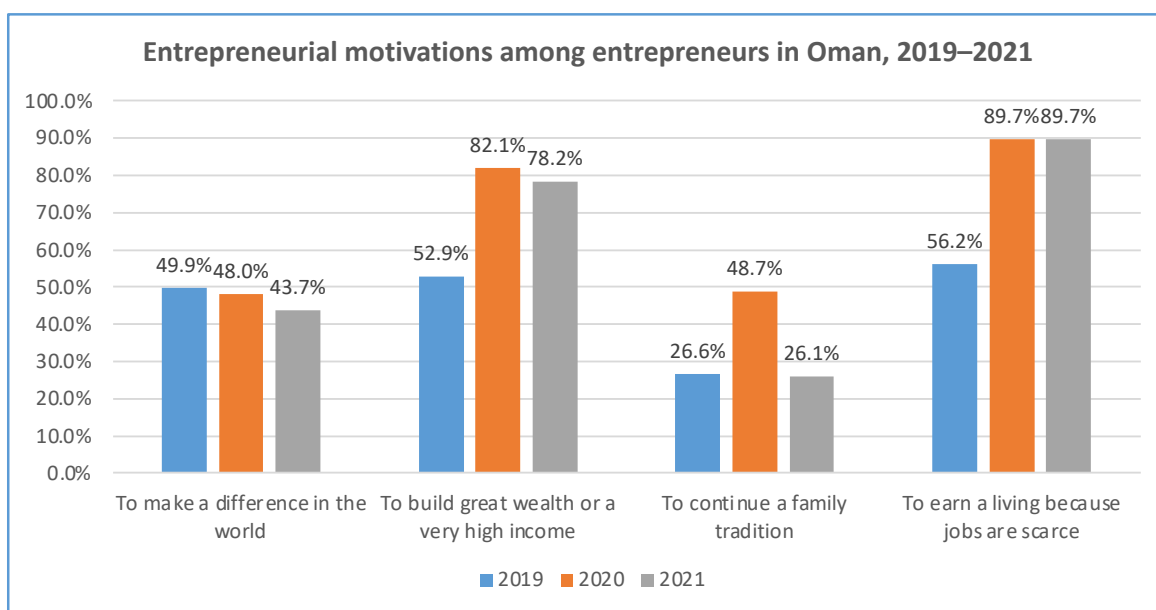


Figure 4-3: Entrepreneurial motivations among entrepreneurs in Oman, 2019-2021
 Source: GEM Oman, 2019-2021



4.4 Established business ownership

Figure 4-4 shows longitudinal results for the rate of established business ownership (those

operating businesses for more than 3.5 years and who have paid wages). The result shows that over the previous three years (2019–2021) there was a steady growth of rate of change of established ownership in Oman. The rate increased from 2.0% in 2019 to 2.5% in 2020 and 2.8% in 2021.

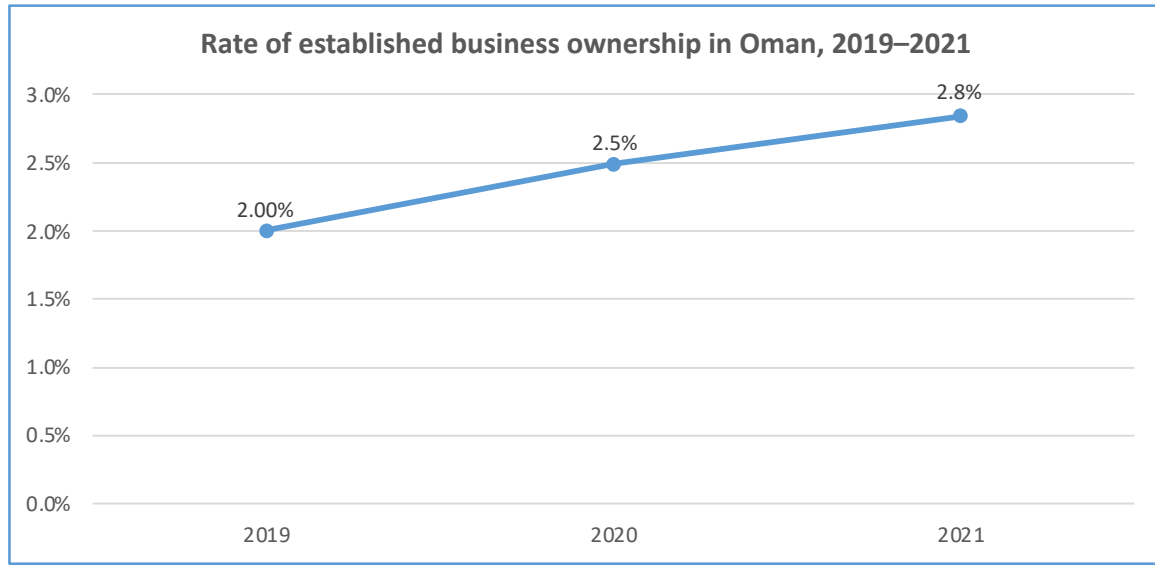


Figure 4-4: Rate of established business ownership in Oman, 2019–2021
Source: GEM Oman, 2019–2021



4.5 Exits and closures

To analyze the discontinuation of entrepreneurship, GEM distinguishes between exit, where an entrepreneur leaves a business and places it in the hands of others to continue the operation, and closure, where the entrepreneur completely shuts down the business. **Figure 4-5** presents a longitudinal analysis of these two indicators. Business closures are more prevalent than exits, with a declining trend during 2019 and 2020

and a slight increase during 2020 and 2021. It is interesting that during that early stage of the COVID-19 pandemic, both the closures and exit rate declined significantly. However, we can notice that the levels of both the TEA and the business exits in Oman are close (**see Figure 4-2 & Figure 4-5**). The major reasons for reduced business closures and exit rates may be because in the early stages of the pandemic the government of Oman implemented several policies to motivate entrepreneurs to continue business even in adverse conditions.

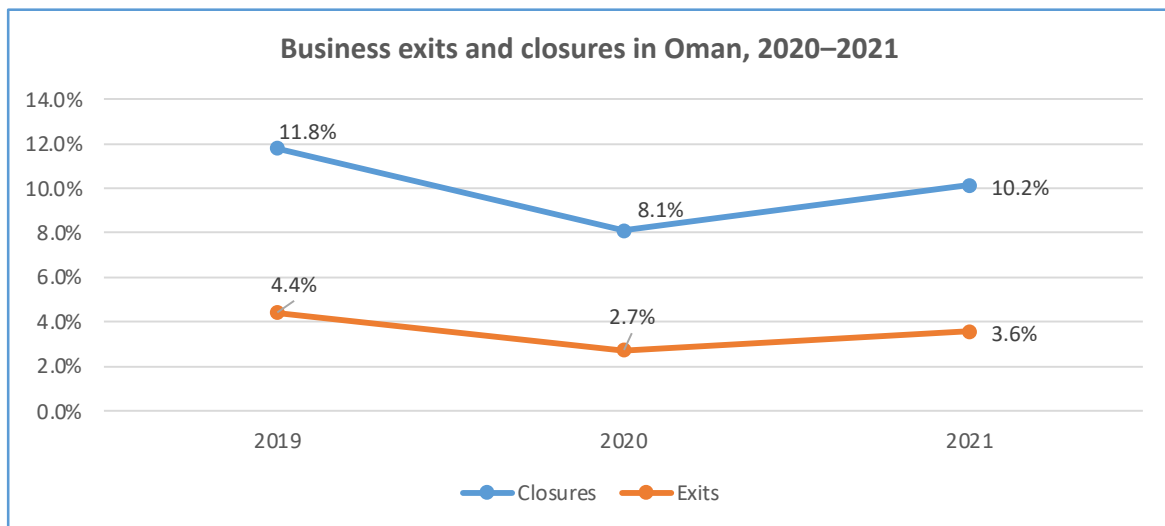
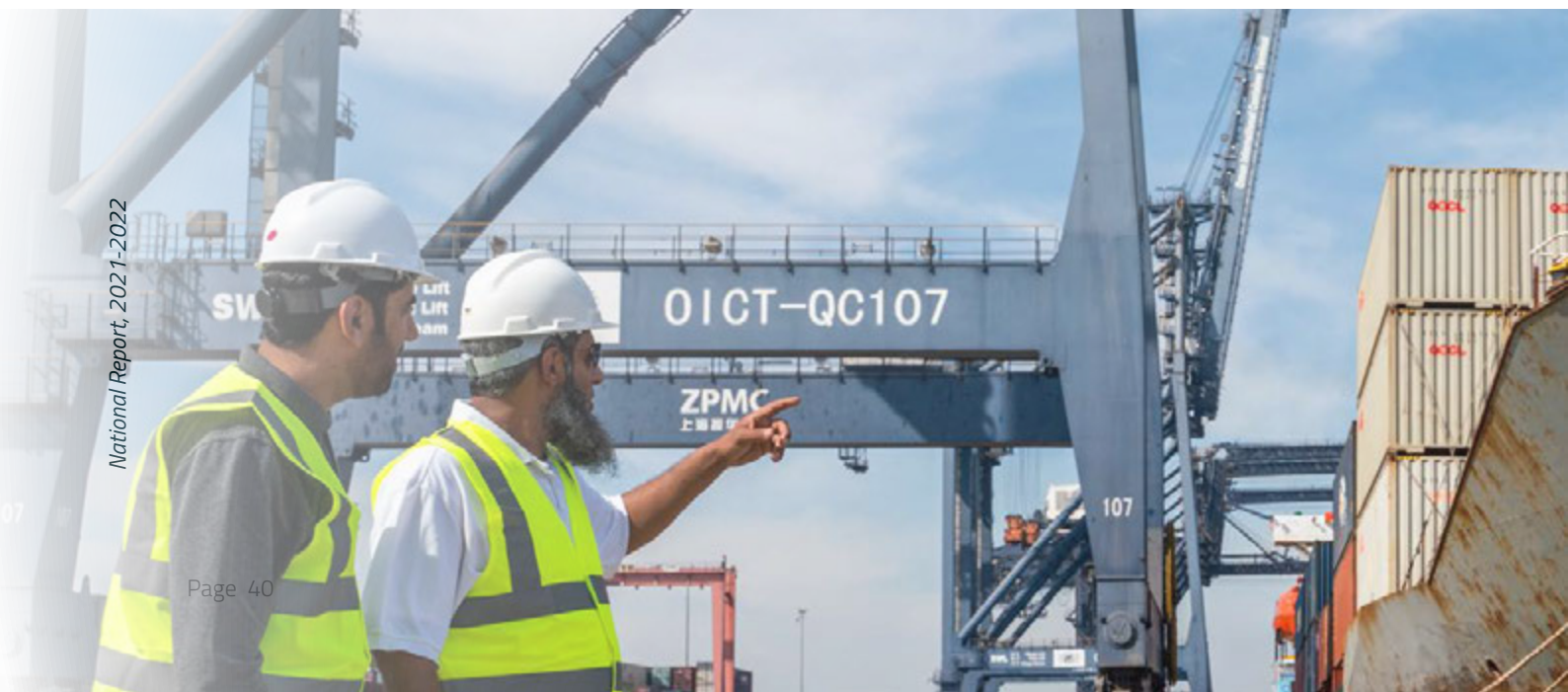


Figure 4-5: Business exits and closures in Oman, 2020-2021
Source: GEM Oman, 2019-2021



4.6 Educational level

GEM classifies those involved in entrepreneurial and business activities according to four educational categories: under (the respondent did not finish any official educational program); secondary certificate; post-secondary (the respondent obtained a professional or university degree); and graduate experience (the respondent holds a postgraduate diploma or doctorate).

Figure 4-6 shows the distributions of educational level of the populations involved in the business

stages. In general, the distribution of educational levels shows that in all entrepreneurial stages, post-secondary is the predominant educational level. Surprisingly, however, the majority of this level's intentions is around 60%, yet only 4.4% of established owner managers hold a postgraduate diploma or doctorate. Nevertheless, the findings show that there are very few entrepreneurs without studies at all stages. This indicates that in the future, populations with graduate experience are more likely to be moving toward an entrepreneurial or independent career.

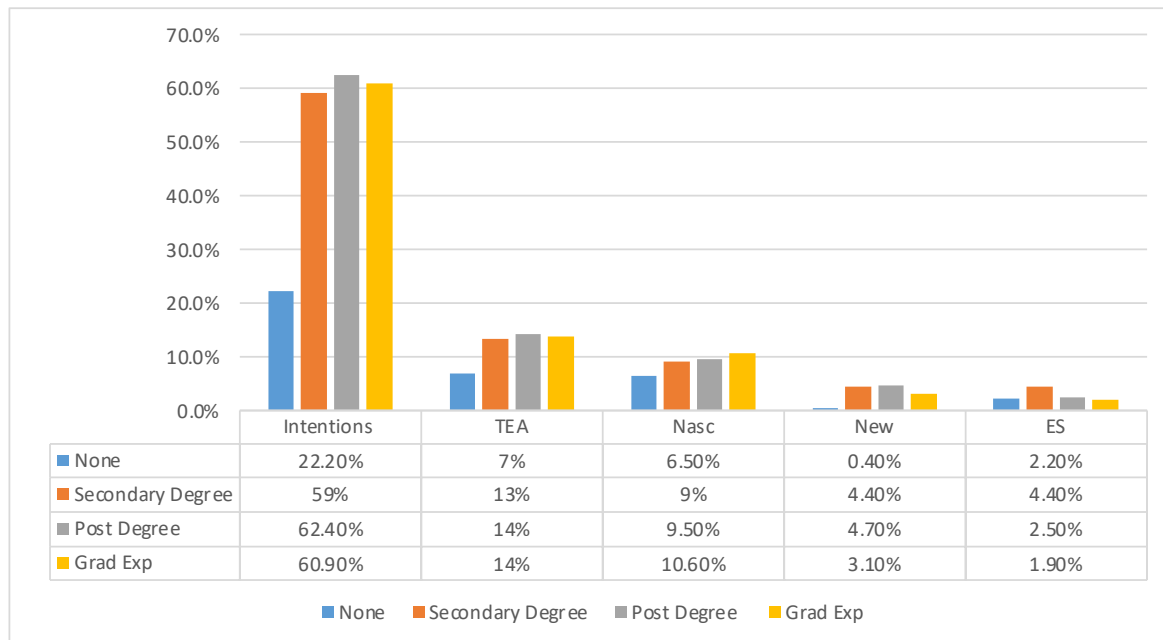


Figure 4-6: Educational level: distributions by stage, 2020- 2021



4.7 Income

GEM classifies the entrepreneurial business activities by their income level in three categories: lower 33rd percentile; middle 33rd percentile; and upper 33rd percentile. **Figure 4-7** shows the distribution of income for the categories of intention, nascent, new, TEA and established owner-managers in Oman. The result shows that the majority in all categories belong to the middle and lowest 33rd percentile. Another interesting

aspect is that among the upper percentile, 49.4% are at the intentions stage, 16.2% are TEA, 10.7% are nascent entrepreneurs, 1.5% are new entrepreneurs, and 3.0% are established owner managers. Surprisingly, the established owner-managers are in the lowest of all income categories and those with intentions are in the highest of all income categories. In comparison, 47.8% of intention entrepreneurs were in the middle percentile in 2020, and 22.4% of TEA were in the upper percentile in 2020.

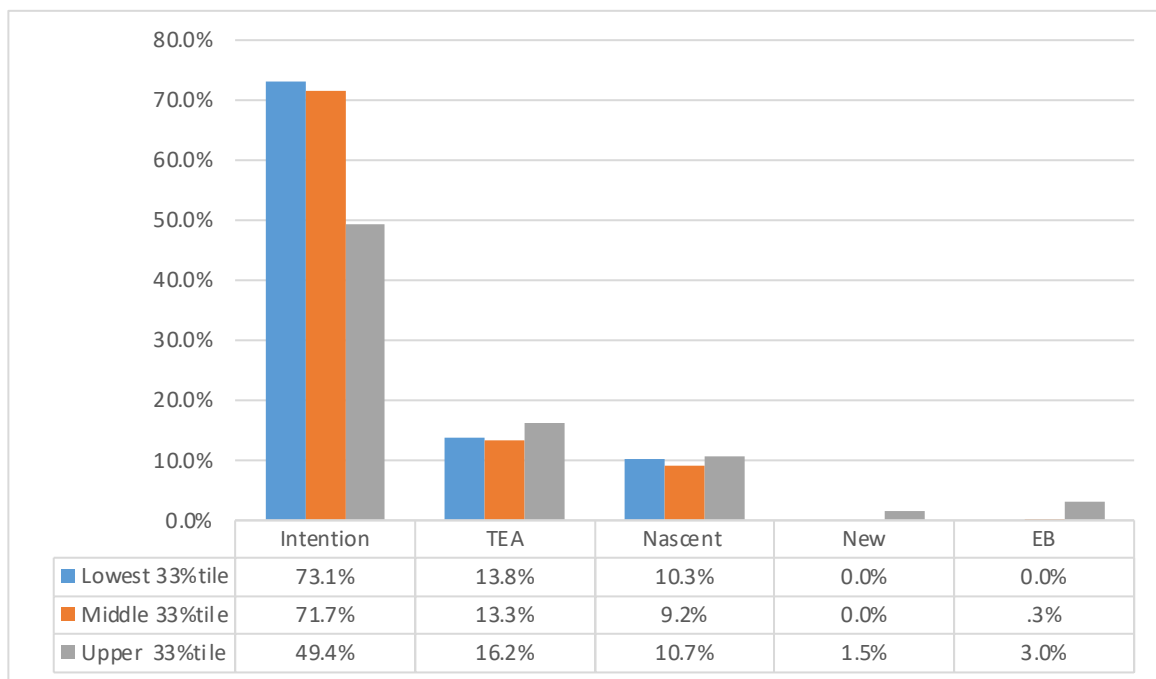
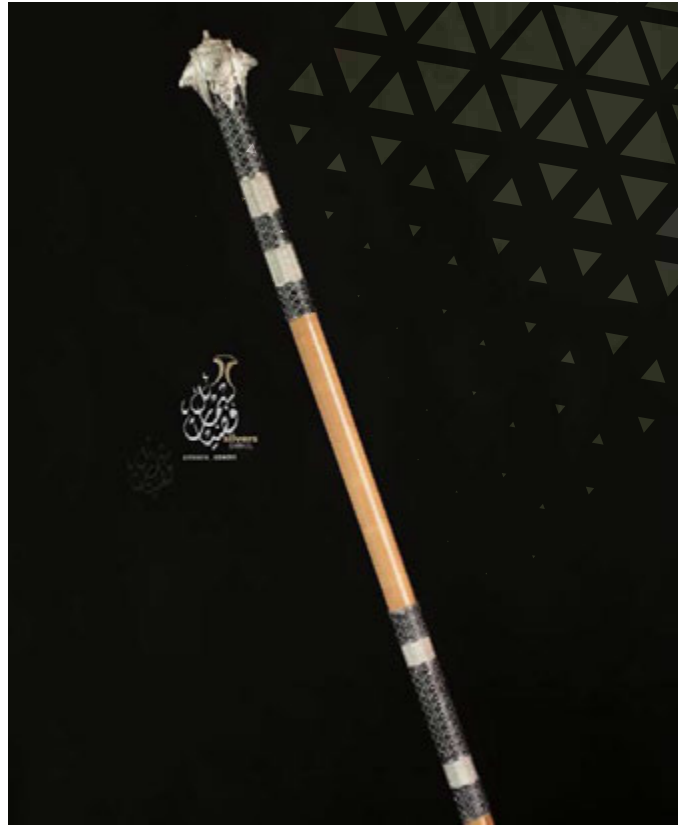
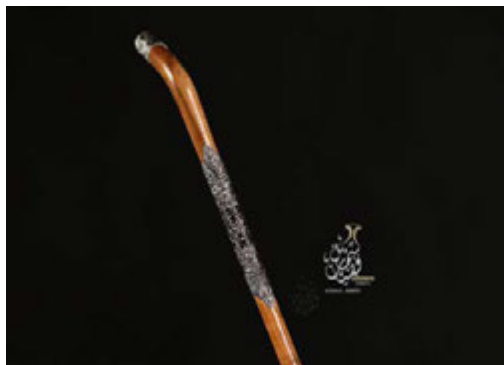


Figure 4-7: Income distributions by stage, 2020- 2021

A Success Story



by Yaqoub bin Azzan bin Aziz Al Sarmi (Omani dagger craftsman and silverware), owner of the Samail Silversmiths Corporation.

My success starts from passion, perseverance, patience and love for this craft. What motivated me to start this project is that I have inherited it from my family (father and grandfather), and this inheritance is the reason for the success of the project, in addition to the supporting bodies, such as the Small and Medium Enterprises Development Authority. I opened a store in the Wilayat of Samail (Souk Al-Madra), and one of my marketing methods is the use of social communication programs (WhatsApp, Twitter, and Instagram) or ads by using marketing cards through acquaintances and friends.

The big challenges and difficulties that I have faced are the competition from expatriate workers, because this job was not Omanised, and also the lack of capital, because it does not receive any attention from the concerned authorities. However, I overcame these challenges with perseverance.

One of my most prominent aspirations and ambitions is to preserve this craft, expand this craft project, and launch it locally and globally.

Entrepreneurs who want to open a new project should persevere, have patience and passion to open, maintain and develop their projects through the programs that are set up by the concerned authorities, especially the Small and Medium Enterprises Development Authority.



Chapter

5

Characteristics
Impact

5.1 The sectorial distribution of entrepreneurial activities

The GEM classifies economic activities into four groups: extractive (including agriculture and mining); transformative (construction, manufacturing, transportation, utilities, and wholesale); business services (information and communication technologies (ICT), and professional services); and consumer services (retailing, restaurants and personal services). The sector distribution of entrepreneurship and established business activities for the past three years shows the share of consumer-oriented activities continues to dominate both the entrepreneurial and established business

phases in the Sultanate of Oman (*see Figure 5-1*). Entrepreneurship activity has the highest proportion of early-stage entrepreneurs in the consumer-oriented service sector despite a slight decrease of 6.2% between 2020 and 2021, followed by the transformative, extractive (mainly due to agriculture), and business services sectors (ICT and professional services). Both extractive and business services sectors have the smallest share but have been increasing compared to the previous years. It is also true that at the pandemic outbreak, agriculture was considered the pillar of economic growth and received immediate attention from the Oman government to ensure food safety and security in the country. Meanwhile, the transformative sector has been decreasing (*see Figure 5-1*).

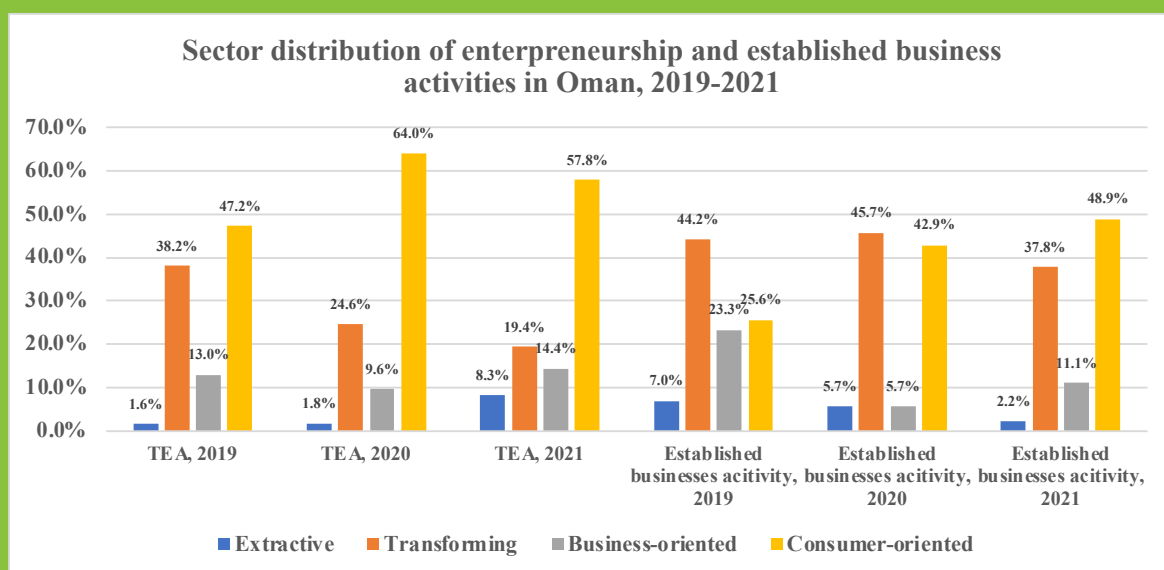


Figure 5-1: Sector distribution of TEA and EBO in Oman, 2019-2021
Source: GEM Oman Adult population survey

In contrast, the consumer services sector is increasing steadily for established business activities, while the shares of the extractive and transformative sectors have been decreasing. On the other hand, the business services sector has bounced back from 5.7 % (2020) to 11.1% (2021). As can be seen in Figure 5-1, the trend is similar to early-stage entrepreneurship (an increase from

9.6% in 2020 to 14.4% in 2021). This increase is a positive sign for changes in the structure of entrepreneurship especially in building a technology sector in the country. It is also true that, in Oman, it has been reported that the transformation is occurring at many different layers across the information technology stack (Haddad, 2021).

5.2 Current and expected employment

It is worth noting that the majority of the early-stage entrepreneurs (59.1%) and the established business owners (66.7%) in this sample are without other partners who co-own and run the business with them as shown in **Figure 5-2**. The results reveal that both early-stage entrepreneurship (35.2%) and established business activities (21.7%) are mainly one-man businesses. The main reason could be that these entrepreneurs are not government-supported

micro and small enterprises (Al Shukaili, Al Kindi, Kassim, Ahmed, and Al Hosni, 2022). However, 55.6% of the early-stage entrepreneurs and 37.0% of established business owners have between 1 to 5 employees. Just over 7% and 32% of the early-stage entrepreneurs and established businesses provide between 6 to 19 employees, respectively, while less than 2% and 9% of the early-stage entrepreneurs and established businesses employ 20 employees or more. Overall, however, the entrepreneurs and business owners contribute to Oman's economy through job creation by supporting self-employment or providing employment for others.

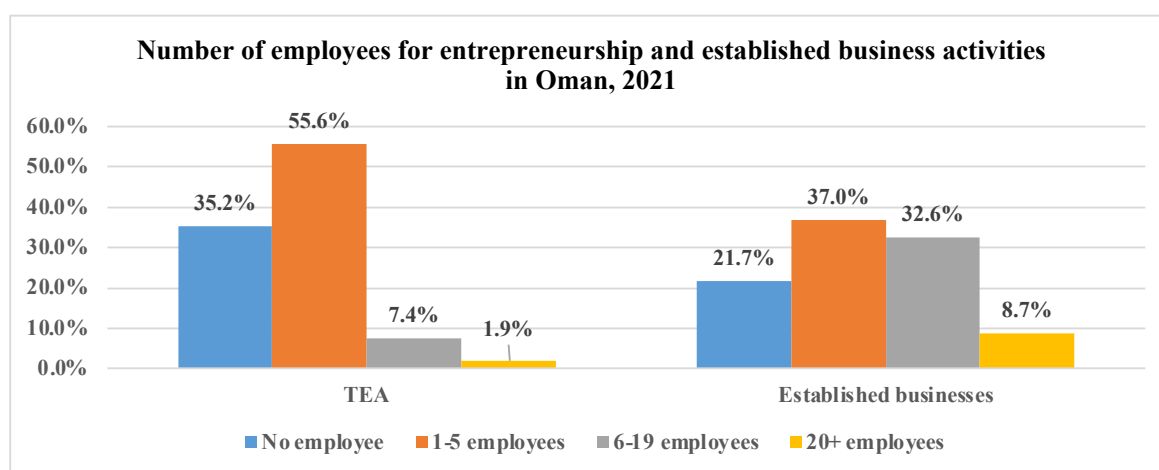


Figure 5-2: Number of employees for TEA and EBO in Oman, 2021
Source: GEM Oman Adult population survey, 2021

In 2021, the expectations for job creation in the next 5 years are higher among the early-stage entrepreneurs, unlike the established business owners who typically project lower future growth. The reason could be that the early-stage entrepreneurs are inexperienced in basing more reliable predictions on hiring and are usually optimistic about an uncertain future in the early stages of their ventures (**as shown in Figure 5-3**). As can be seen in Figure 5.3, in 2021, the percentage of those involved in total early entrepreneurship activities (TEA) who are

expecting to employ no one but themselves is 1.1% (2020: 0.0%; 2019: 0.0%), and the percentage of those expecting 1 to 5 new jobs to be created in the next five years is 44.3% (a decrease from 71.3% in 2020 and 55.4% in 2019), followed by 35.2% (an increase from 20.2% in 2020 and 20.7% in 2019) for those expecting 6 to 19 new jobs creation, and 19.3% (2020: 8.5%; 2019: 23.8%) for those expecting more than 20 new jobs creation. Overall, the early-stage entrepreneurs are very confident about their expectations of high job growth in the coming years.

On the other hand, the percentage of established owners who expect in the next five years from 2021 to employ no one but themselves is 9.1% (2020: 0.0%; 2019: 0.0%) since the majority of them in the sample are one-man businesses. Only 9.1% (a decrease from 36.5% in 2020 and 51.3% in 2019) of them estimate that they can create 1 to 5 new jobs, while 45.5% estimate from 6 to 19 new jobs, and 36.4% (an

increase from 8.5% in 2020 and 23.8% in 2019) more than 20 new jobs in that period. Overall, the aspirations among the established owners who are experienced in running mature businesses were positive, albeit more cautious, and thus more reliable in their hiring predictions. Moreover, the majority of the established business owners in the Sultanate of Oman run microbusinesses (Al Shukaili et. al., 2022).

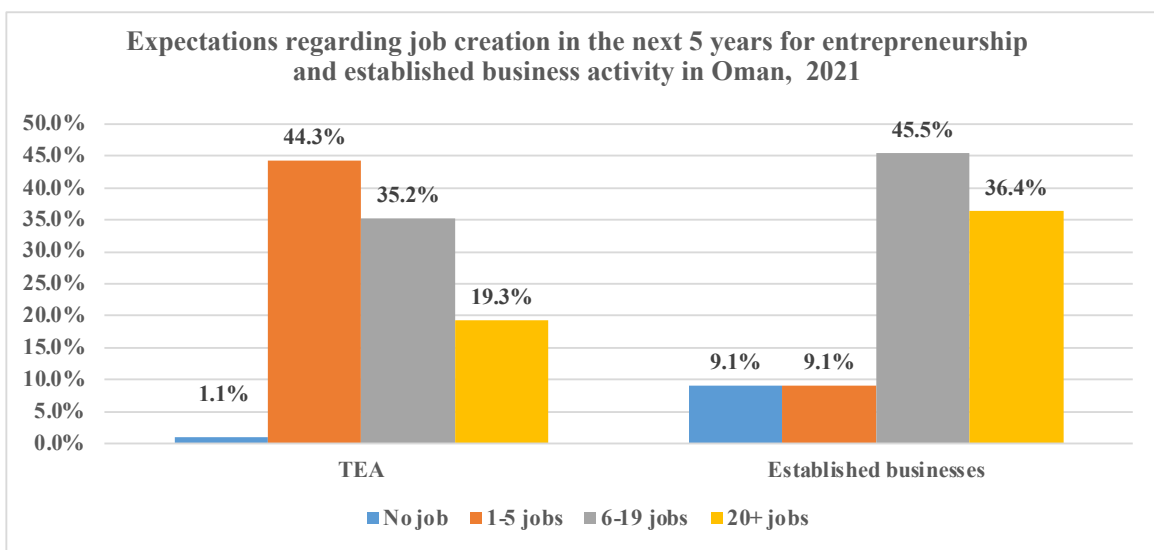


Figure 5-3: Expectations of job creation in the next 5 years in Oman, 2021
Source: GEM Oman Adult population survey, 2021



5.3 Market scope

Indeed, internationalization is an important strategic option for start-ups, according to Oman Vision 2040. However, engaging in an internationalization process is not an easy decision or choice because it involves both internal factors (financial, technological, human, managerial, and other resources) and external factors (market size, demand trend, politics, regulatory and socio-cultural systems, etc.). Internationalization orientation according to GEM is assessed based on the anticipated share of revenues of entrepreneurs

from outside their country of origin. It is also true that a higher share of revenues from abroad means higher internationalization of entrepreneurship and the economy. Entrepreneurs are considered to have a strong international orientation if a quarter or more of their revenue comes from customers located outside their country. **Figure 5-4** shows that the majority of the early-stage has national customers. Roughly 97% of early-stage entrepreneurs sell locally, and 75% also sell nationally. In contrast, the customers of established business owners are more likely to be national and less likely to be international.

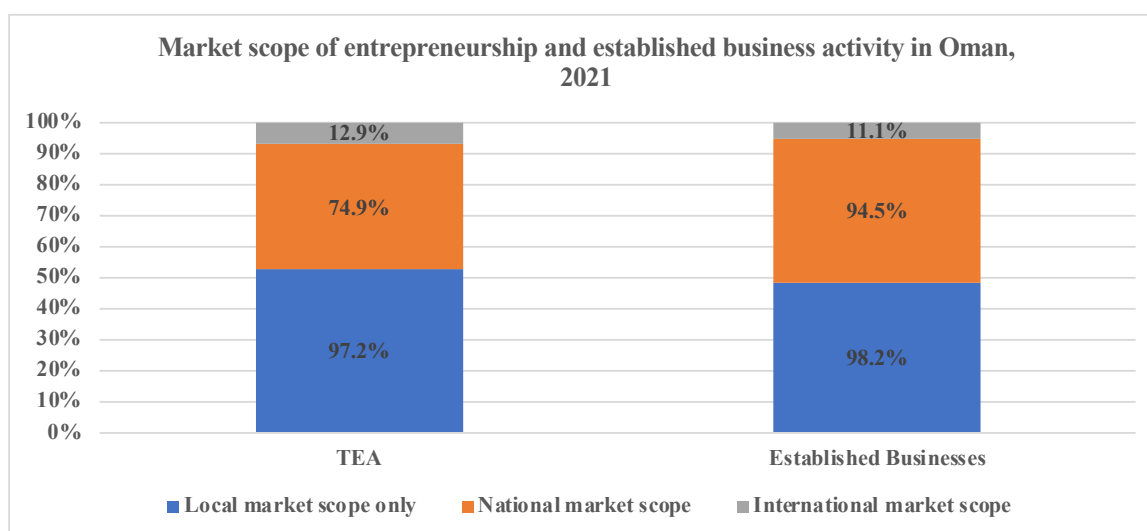


Figure 5-4: Market scope of entrepreneurship and established business activity in Oman, 2021
Source: GEM Oman Adult population survey, 2021

5.4 Scope of innovation and scope of new technologies and processes

In recognizing Oman Vision 2040, the importance of knowledge-based innovation is emphasized in the country's vision of "a diversified and sustainable economy that is based on technology, knowledge, and innovation. That allows for the production of

competitive products and services with higher knowledge and technology components through entrepreneurship activities" (Para 2, p. 30). Thus, this section considers the scope of the new business in terms of dimensions of new products or services (whether these are new to customers locally, nationally, or new to the world), and new technologies or processes (whether these are new locally, new to that nation or new to the world). Each dimension is important in terms of the potential impact on a new business's future sustainability.

The results in **Figure 5-5** show the percentage of adults starting or running a new business and offering products or services that are new to the area, new to the country, or new to the world. In Oman we can state that roughly one out of ten early-stage entrepreneurs introduce new

products or services both that are new to their area or new locally (14.0%), and new nationally (3.6%), while 0.8 out of ten (0.8%) introduce a product or service that is new to the world. These results imply that the entrepreneurs adopted ideas transferred from elsewhere.

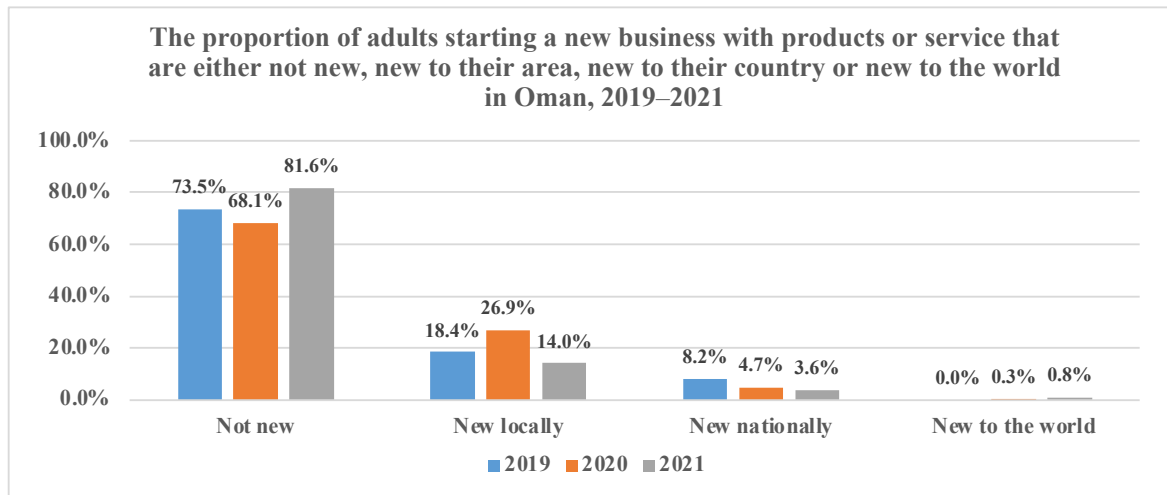


Figure 5-5: Proportion of adults starting business with new products or service, 2019-21
 Source: GEM Oman Adult population survey, 2019-2021

Finally, this paragraph discusses the other dimension of business innovation, i.e., the introduction of new technologies and procedures. Those starting or running a new business were asked if they were using technologies or procedures that are new to their area, new to their country, or new to the world. The results are outlined in **Figure 5-6**, which shows the numbers of adults who are both starting or running a new business and using technologies or processes that are new to their area, new to their country, and new to the world. In Oman, more entrepreneurs are involved in product or service innovation than in technology or process innovation. According to GEM (2022), true innovation is indeed relatively elusive while transformation is never easy, but there are very real opportunities available today that enable the

launch of new technology or procedures. Indeed, the COVID-19 pandemic has also transformed the pace of the adoption of technology and forced entrepreneurs to think differently about their digital strategies. However, the proportion of adults starting or running a new business using technology or procedures that are new to the world is typically very low indeed, being less than 1%, which is slightly better than the 2019 and 2021 figures when there were no new technologies and procedures introduced. Moreover, introducing new technologies or procedures that are new to the world is a difficult undertaking and a rare phenomenon. It is also related to the opportunity to import new technologies which are subjected to the availability of finances and investments in the country.

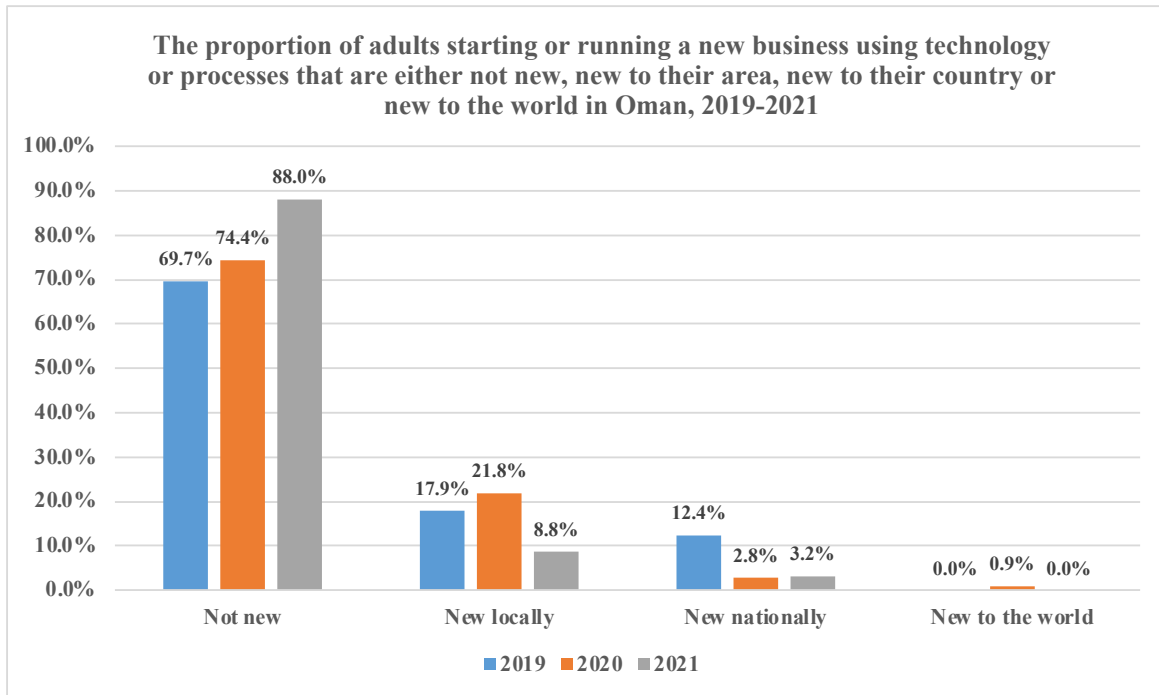


Figure 5-6: The proportion of adults in business using new technology or processes in Oman, 2019-21
 Source: GEM Oman Adult population survey, 2019-2021

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A Success Story



الشركة العالمية للفضاء و التكنولوجيا ش.ش.و
Global Space & Technology Company S.P.C



Eng.BahiyaAl-Shuaibi,founder and CEO of the Global Space andTechnologyCompany, "the first private company in the space sector in the Sultanate

The first Omani private company established to contribute and to establish the space sector industry in Oman, and to make Oman a part of the

global development entity. The company works on projects in the space sector. And provides satellite services, advanced technology, simulators, education technologies, space research, and consulting.



Chapter

6

**MENA Region
Comparisons**

6.1 Societal attitudes

Social support for entrepreneurship is high in the MENA countries. High proportions of the populations in these countries consider entrepreneurship to be a good career choice, and that entrepreneurs achieve high status and social recognition and receive positive media attention. Oman, like other MENA countries, looks to entrepreneurship as an economic tool and social instrument that can support the implementation of Oman Vision 2040, and support the government objectives to move to the knowledge-based economy. **Figure 6-1** shows that Oman stands the first in comparison to other GCC countries where households look to entrepreneurship

as a career choice. One of the main reasons could be the scarcity of job opportunities in the public and private sectors, which therefore fail to accommodate the graduating students from schools and higher education institutions.

Starting a new business is considered the most desirable career choice in Saudi Arabia, Qatar and Oman respectively. Considering Gulf countries, the UAE population report the lowest desirability of choosing entrepreneurship as their career path. Only about 54% of Iranians say that entrepreneurship is a good career choice, as shown in **Figure 6-1**. In general, Saudi Arabia stands out in the MENA region for highly positive societal attitudes toward entrepreneurship, as shown in **Figure 6-1**.

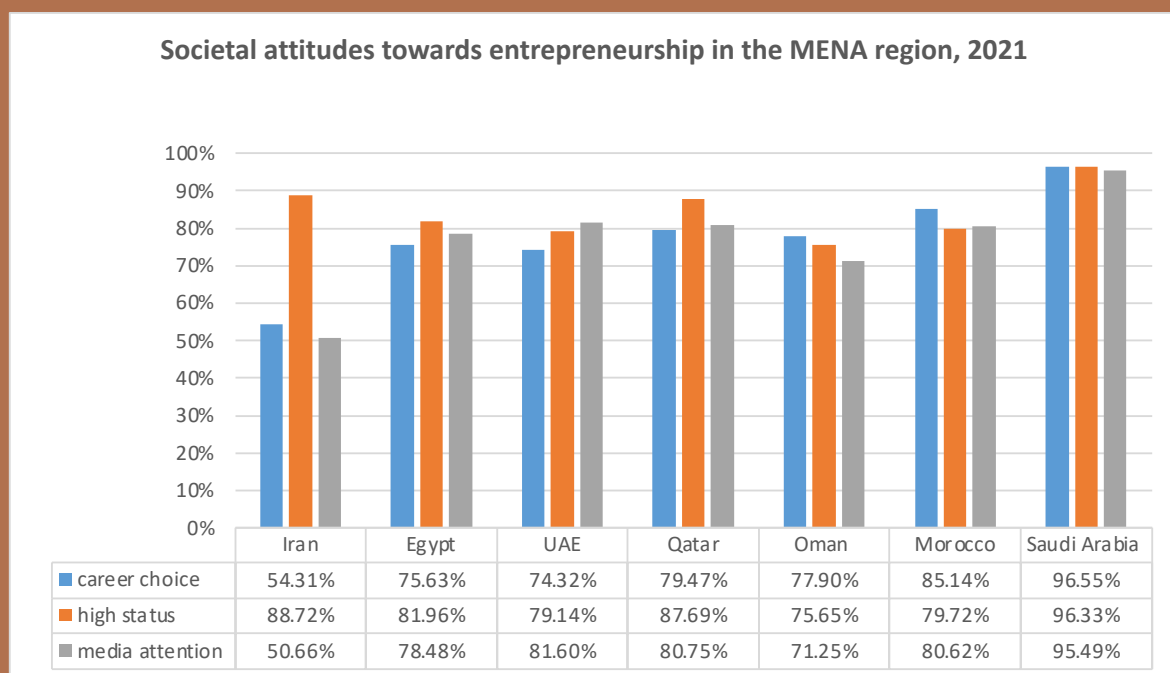


Figure 6-1: Societal attitudes towards entrepreneurship in the MENA region, 2021

Perceptions in the MENA countries regarding the ease of launching new businesses are mostly above the average except in Oman and Iran, and Saudi Arabia stands well above the average (**Figure 6-2**). The government of Oman, like other MENA governments, has taken multi micro and macro

policy actions to support entrepreneurship and entrepreneurs during the pandemic in order to mitigate the effects of the crisis. The government has also tried hard to take full advantage of national capabilities through establishing many programs that enhance national youth capabilities

by nurturing talent, creativity and entrepreneurial potential. In addition, the government has a strategic direction through the implementation of Oman Vision 2040 to diversify and sustain the economy based on technology, innovation,

building national capabilities, entrepreneurship and knowledge commercialization. Furthermore, the government has made a lot of effort to develop an appropriate infrastructure and education systems that encourage entrepreneurship.

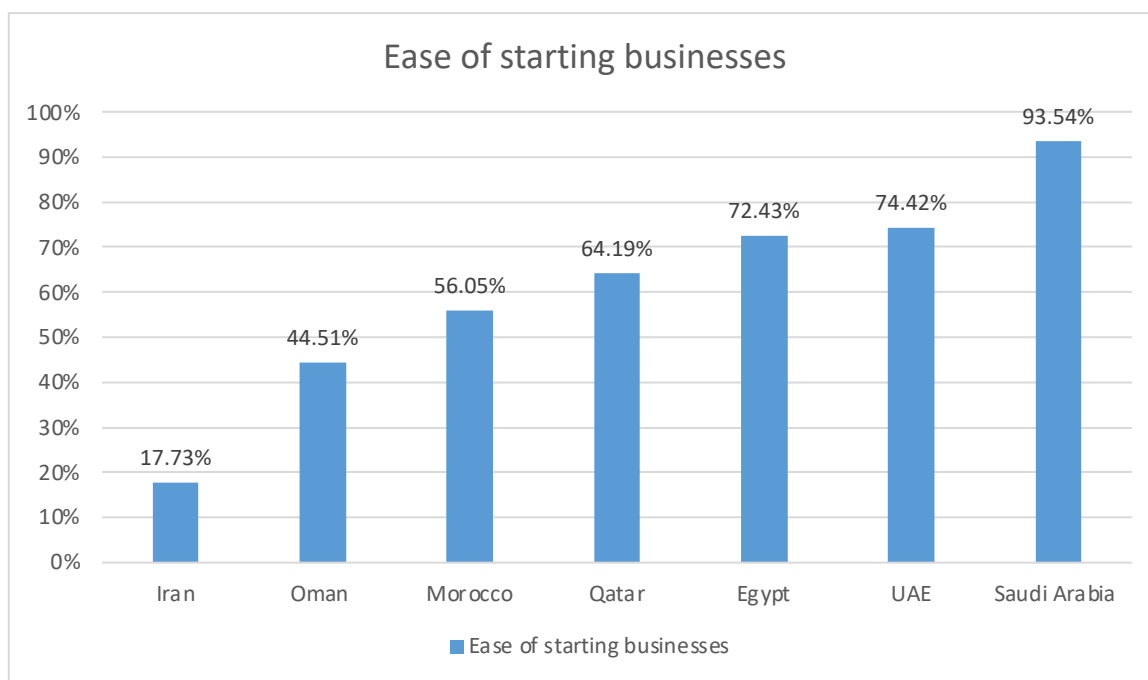


Figure 6-2: Ease of starting businesses, 2021

6.2 Affiliations and self-perceptions

In terms of affiliation with entrepreneurs—that is, whether survey participants know any entrepreneurs personally—Oman stands the highest among the countries in the region (in 2020 and 2021), followed by Saudi Arabia, Qatar and the UAE (**Figure 6-3**). Entrepreneurship in Oman has been encouraged for a long time, and, as it becomes more prevalent, people become more aware of others starting businesses and see that

the possibility is within many people’s reach. Oman, Saudi Arabia, Qatar and UAE reported TEA activity rates above 15% in 2021; the greatest rate is in Saudi Arabia which has the highest TEA among GCC countries. In 2021, TEA in Oman was 12.7%, which the GEM report partly explains is that, because of “more necessity-driven entrepreneurship in 2020 resulting from the pandemic, and lower oil prices, there are strong conditions for starting a business in the country” (Global GEM Report 2020–2021; p. 153). There are many new businesses that started in 2021 which have not reached the maturity stage yet (note Oman’s EBO rate of 2.8% in 2021).

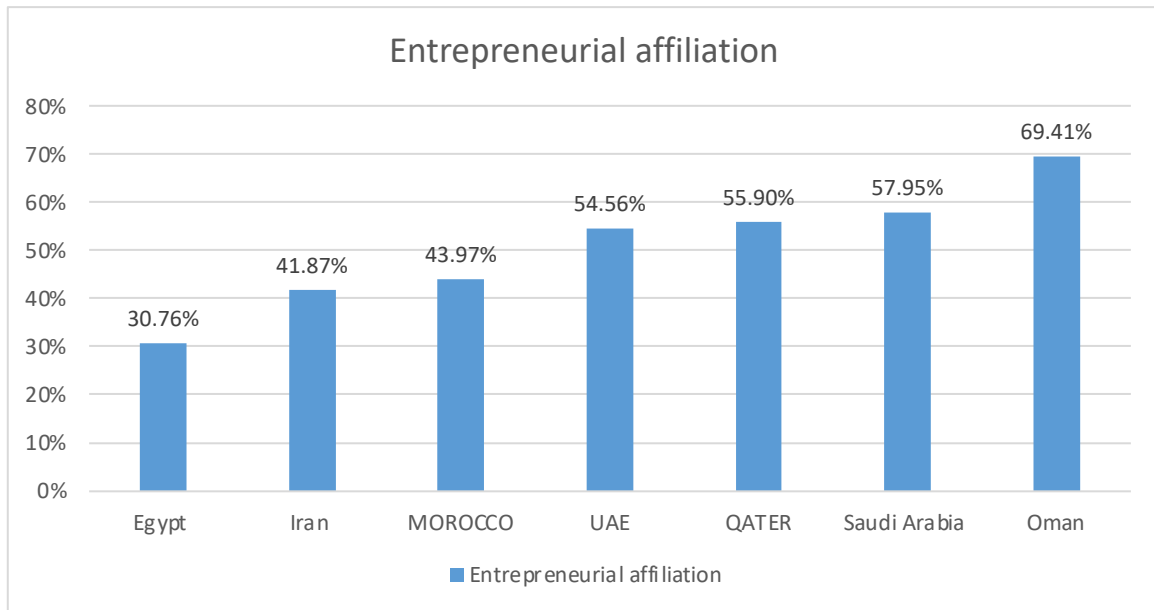


Figure 6-3: Entrepreneurial affiliation, 2021

Perceptions of opportunity relate to whether individuals believe there are interesting opportunities around them to start a business, while perceptions of capability indicate individuals' confidence in their own ability to start a business. We can notice three different patterns in **Figure 6-4**: countries perceiving high levels of opportunity may have low perception levels of entrepreneurial skills and abilities to take

advantage of them (as in Oman, Egypt and UAE); those perceiving high levels of ability, may have low level perceptions of opportunity (as in Iran); and a third pattern shows these two aspects are almost equal (as in Saudi Arabia and Qatar). The improvement of macroeconomic conditions in Oman has an impact on increasing the early stages entrepreneurs and increasing the population perceptions to spot opportunities.

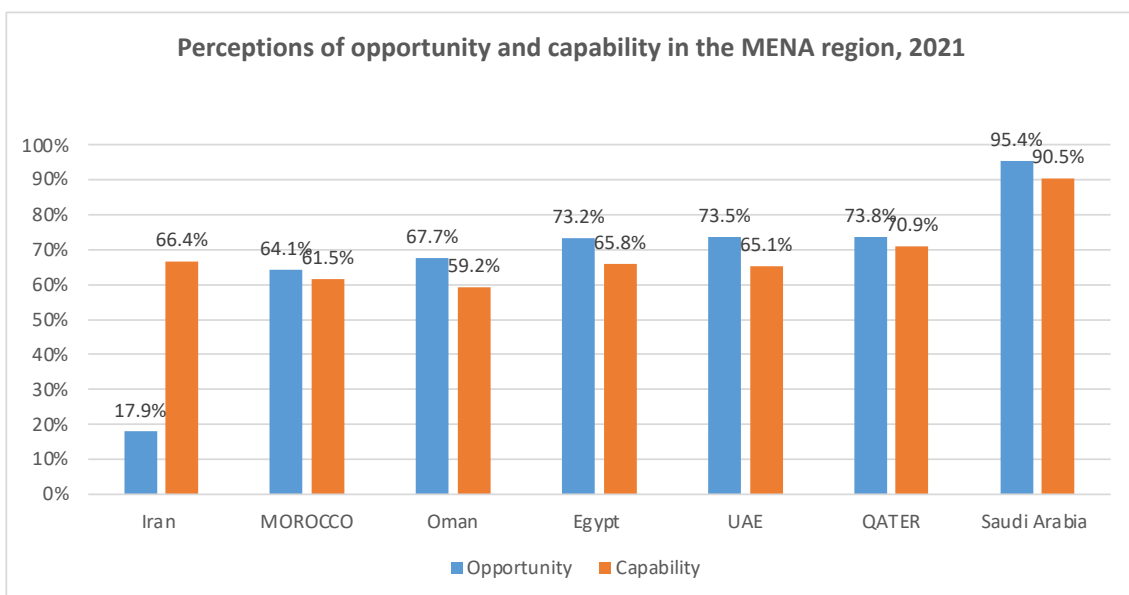


Figure 6-4: Perceptions of opportunity and capability in the MENA region, 2021

Fear of failure in entrepreneurial ventures in the MENA countries is rather high, but Oman has the lowest level among them. Although in 2021, 67.7% of Omanis (**Figure 6-4**) said there were good opportunities to start a business where they lived, around 23 % (**Figure 6-5**) said fear of failure would prevent them from starting a business. This level of confidence, along with the fact that 69.4% of Omanis population (**Figure 6-3**) know someone who started a business, “means that many Omanis have a strong sense of what it takes to be an

entrepreneur” (Global GEM Report 2021-2022; p. 153). The reasons for fear of failure could be because of the liquidation and bankruptcy policy, starting business laws, economic and market situations, social demands, or the risk associated when establishing the business (Saudi Arabia GEM Report, 2020). As shown in (**Figure 6-4**), there are high proportions of the population who see good opportunities to start a business (Saudi Arabia is the highest), but fear of failure prevents them (53% in Saudi Arabia is the highest number).

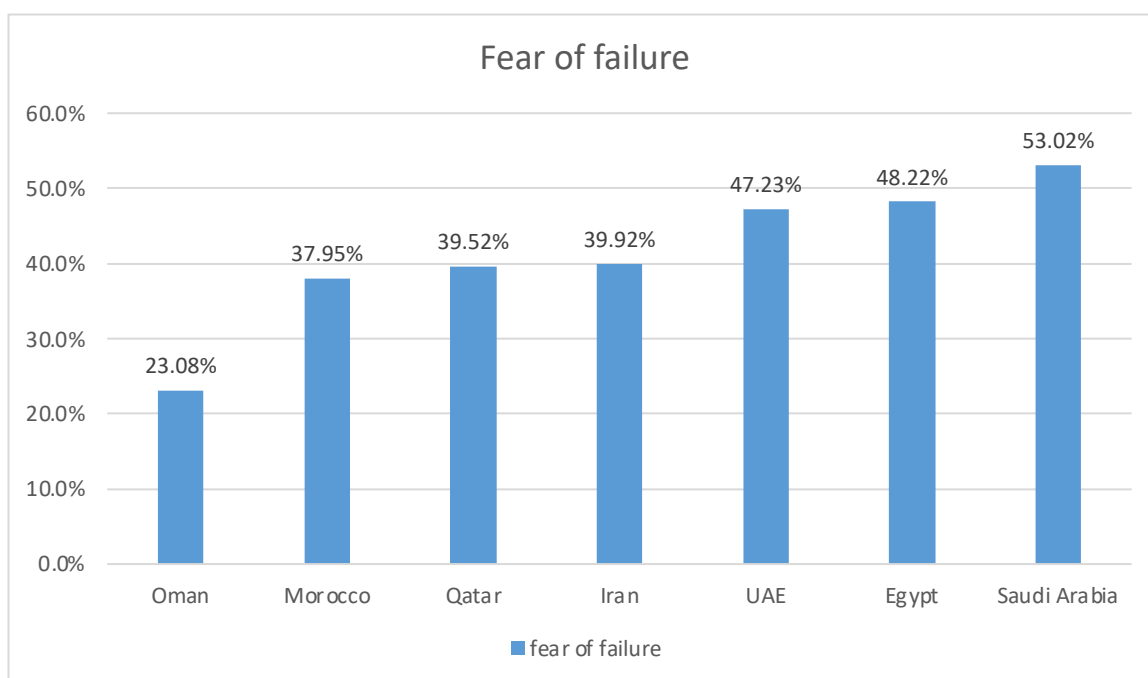


Figure 6-5: Fear of failure in the MENA region, 2021

6.3 Phases of activity

In many of the MENA countries, populations are able to spot opportunities and have the skills, abilities and confidence to start a business (**see Figure 6-4**). However, in some MENA countries the consequent positive intentions (**see Figure 6-6**) are constrained by the level of fear of failure. For example, in Egypt, the fear of failure is 48% and the intention is 55.3%. Oman and Egypt have the highest intention rates, as suggested in **Figure**

6-6. Oman has a lower TEA (12.7%) but relatively high entrepreneurial intentions compared with other GCC countries (**Figure 6-6**). Intentions have been relatively high in Oman over the past 3 years (ranking 4 out of 47 economies in 2021), whereas TEA decreased to 12.7% in 2021, from 16.0% in 2020. Saudi Arabia, UAE, and Qatar have the highest rate of TEA in 2021, although their intentions rate is lower than Oman’s. This is perhaps due to the perceptions for the ease of starting a business in Saudi Arabia, UAE, and Qatar (**Figure 6-2**) being greater than in Oman.

The rate of Established Business (EB) in Oman is very low in comparison to other MENA countries (**Figure 6-6**). Iran has the highest EB rate (8.8%) because those businesses are reaching the maturity stage, whereas in other GCC countries, the UAE has the highest (6.4%) among its neighbors. This indicates that there are more

new entrepreneurs in the GCC than established businesses, which seems that new businesses require more incentives from the government than they actually received to reach new customers. There is a need for macroeconomics policy and support for business to transfer to more mature stages rather than staying only in the startups

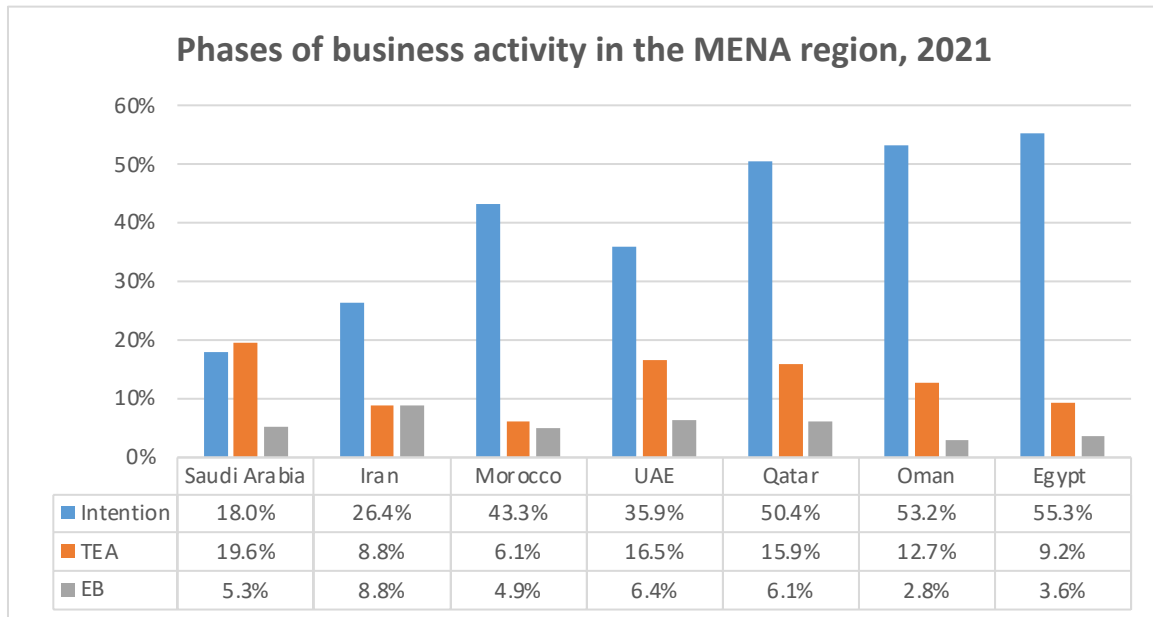


Figure 6-6: Phases of business activity in the MENA region, 2021

6.4 Exits and closures

Due to the pandemic and other reasons, the closure rate in the MENA regions was greater than the exit rate, which means that the number of startups that were closed is greater than the number of startups that were transferred to other owners (**Figure 6-7**). Oman has the highest rate of closing business in 2021, as 10.2% of the adult population closed their business activity and 3.6% exited and passed their business to others. According to the global GEM report (2020-2021), the rate of business exits in Oman exceeded the TEA level, and in all the

GCC countries the rate of business exits was more than one percent which means that more than 1 in 10 adults had exited a business in the previous 12 months in these regions. **Figure 6-7** suggests that Saudi Arabia suffered less from business closures, and exits are somewhat fewer in Qatar. Morocco and Iran have reported lesser rates of closure and exits compared to other countries in the region. Positive reasons for the business exits could be the gaining of employment outside entrepreneurship, or finding other business opportunities; however, negative reasons could be insufficient sales or profitability, or the disrupting impact of the COVID-19 pandemic.

Exits and closures

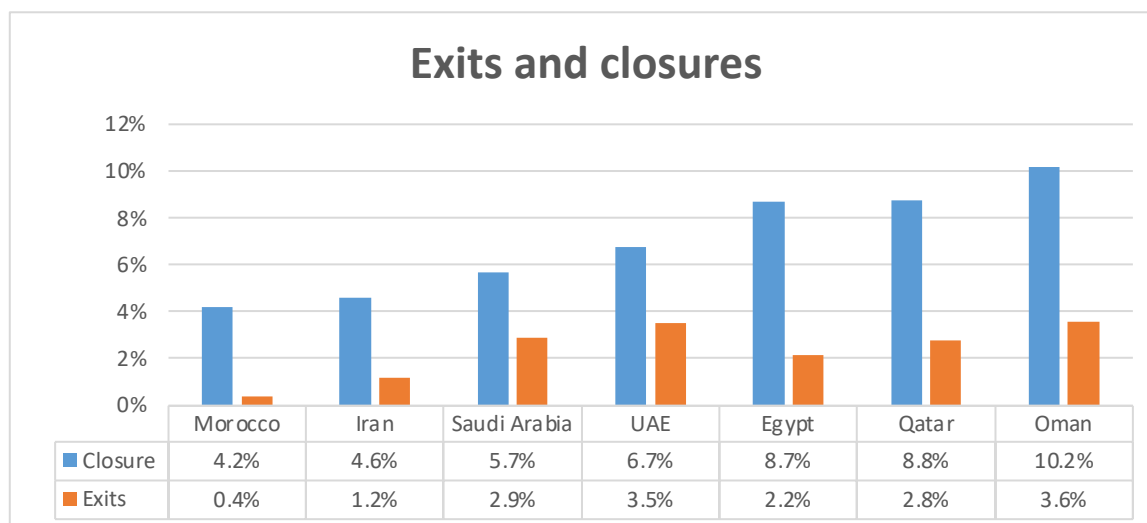


Figure 6-7: Exits and closures in the MENA region, 2021

6.5 Motivations

As indicated in **Figure 6-8**, acquiring wealth and overcoming job scarcity were the biggest motivations in the MENA regions. Building great wealth is a much more common motivation to start up a new business in Iran, Qatar and UAE. On the other hand, to earn a living because jobs are scarce was the most prevalent motivation for early-stage entrepreneurs in Oman and Morocco.

The rate is very high in these countries; thus, taking it as the closest to the concept of necessity entrepreneurship, the indicator reveals that this is a society where entrepreneurship is contributing to alleviating the need for job creation to a greater degree. The UAE stands out in terms of entrepreneurs' motivation of making a difference in the world, which leads local entrepreneurs to sell their products and services internationally. Continuing a family tradition was more noticeable in Saudi Arabia than in other GCC countries.

Motivations to start a business in the MENA region, 2021

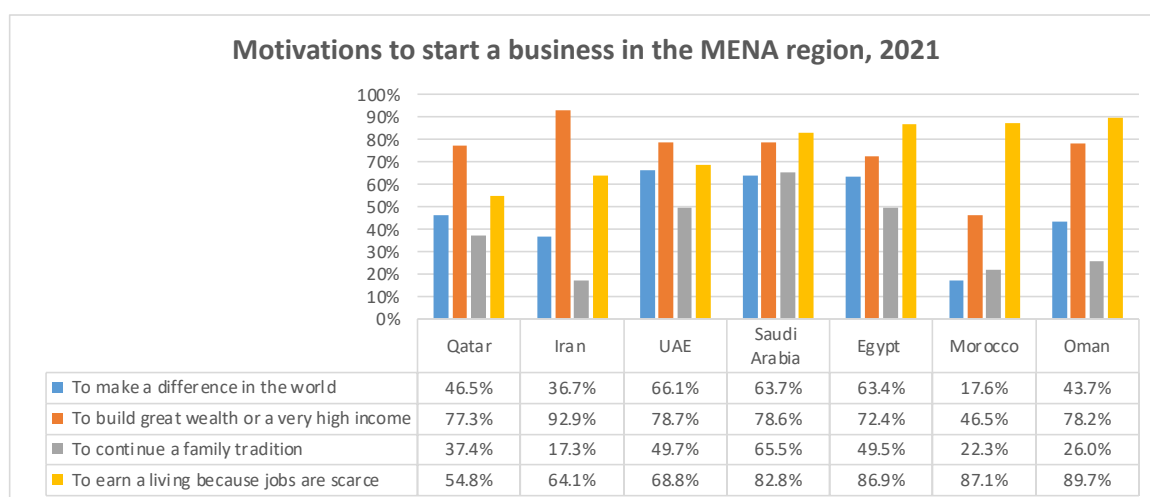


Figure 6-8: Motivations to start a business in the MENA region, 2021

6.6 Industry sector distribution for TEA and established business

In the MENA region, it appears that most entrepreneurship is classified as a consumer-oriented sector (**Figure 6-9**). For Oman, the majority of the early-stage and established activities are in consumer-oriented services, as shown in **Figure 6-9**. The UAE has the highest entrepreneurship weighted toward the business oriented sector. The APS survey results reveal that most entrepreneurs in 2021 preferred to adopt a consumer-oriented business approach due to the pandemic and the low

risk associated with it. Nowadays, in most developed countries, early-stage entrepreneurial activity concentrates more on a knowledge-based economy in the business-oriented sector, such as in UAE and Qatar. Oman has increased its participation in this sector and it had the third highest contribution after consumer oriented and transforming business. In this context, it is important for the GCC countries to maintain a balance of sector distributions and to promote the knowledge-based economy business which can contribute to the objectives of their long-term visions.

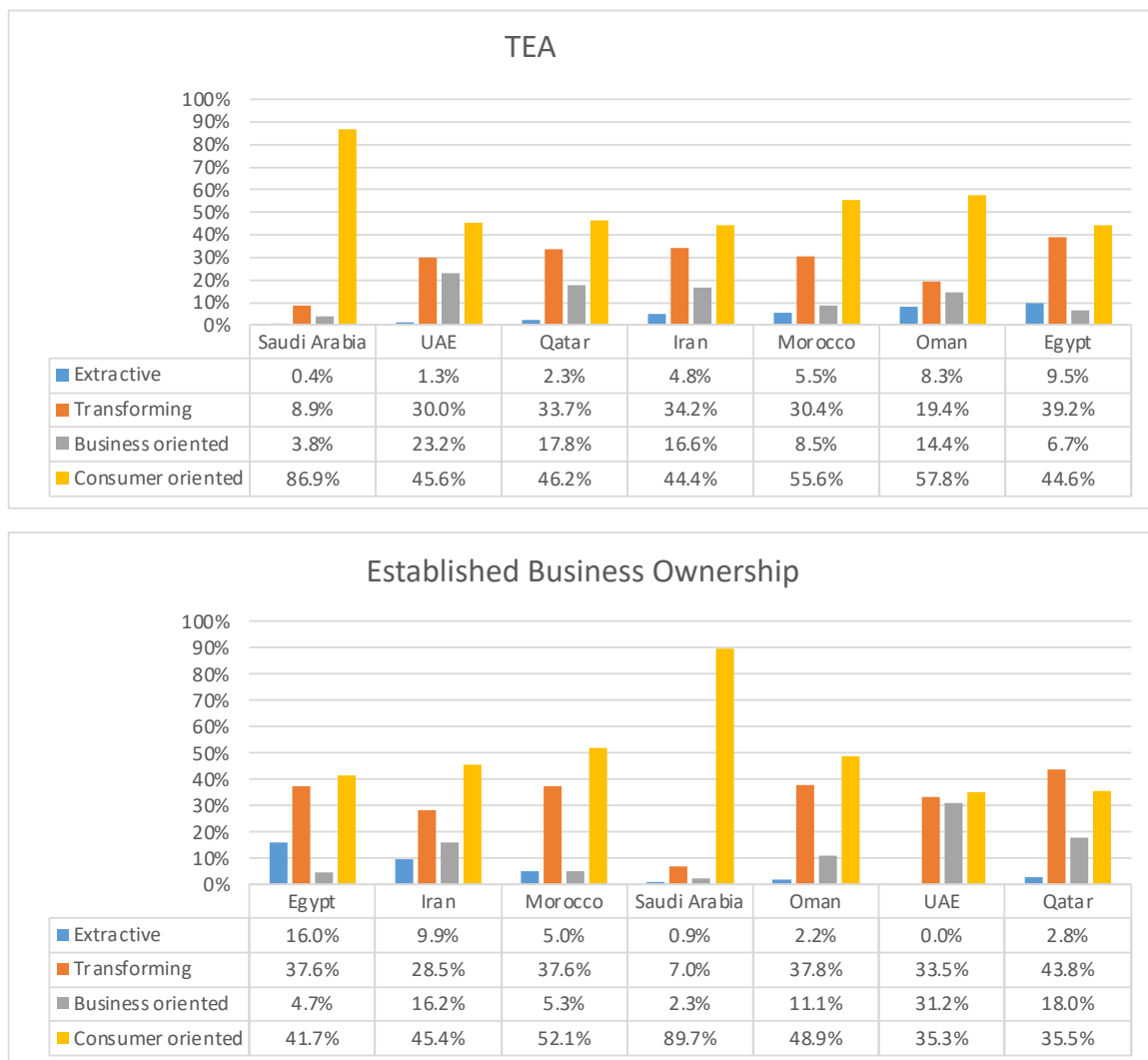


Figure 6-9: Industry sector distribution of EBO in the MENA region, 2021

6.7 Medium- and high-technology sector

The established entrepreneurship in UAE, Iran, Qatar and Oman shows an acceptable participation in medium- and high-technology sectors with rates more than 5% compared to other MENA countries, as shown in **Figure 6-10**. However, early-stages business has relatively low participation in the same sector, specifically in Saudi Arabia and Oman, while the UAE and Qatar have more

participation. Fortunately, in 2021, it was noticed that established businesses keep the level of involvement above the early-stage activity, as it is important that recent entrepreneurs become competitive, and technological sectors are among those that are offering the best opportunities right now. They required more investment and capacity building by the government to encourage more entrepreneurial activity in the technology sector. The UAE, Qatar and Iran show greater proportions of entrepreneurship than other MENA regions in the industrial sector, which is more associated with technology.

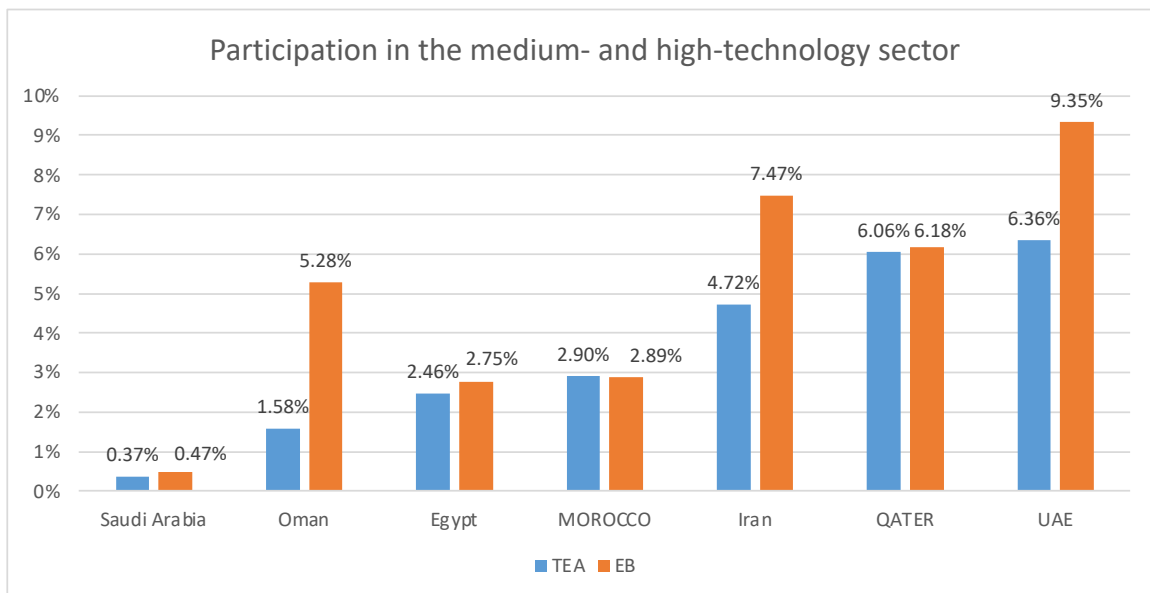


Figure 6-10: Participation in the medium- and high-technology sector in the MENA region, 2021



6.8 Job creation expectations

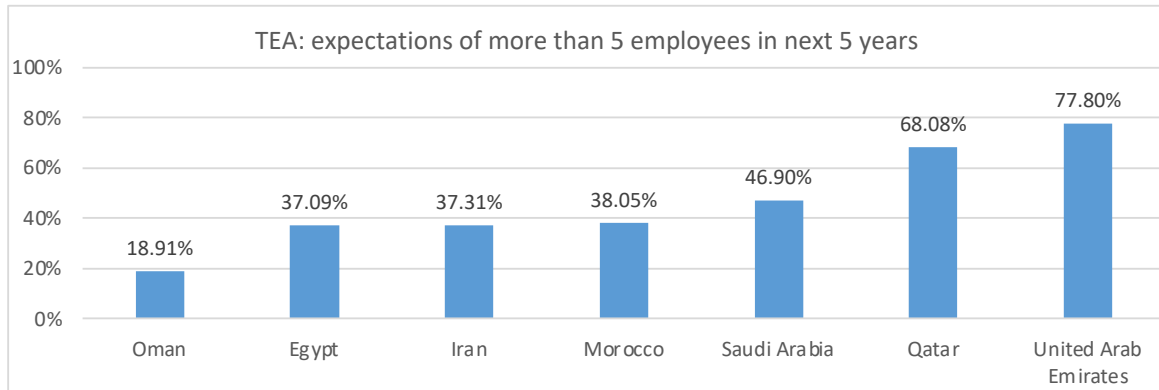


Figure 6-11: Expectations for job creation in the next 5 years among TEA in MENA region, 2021

The highest levels of expectations of hiring five or more new employees in the next 5 years were in the UAE and Qatar, as shown in **Figure 6-11**. In Oman, around 18.9% of entrepreneurs have the

ambition to grow their business and will be able to create jobs for five or more in the coming 5 years. However, Iran, Egypt and Morocco stand in the middle level averaging more than 33.5%.



6.9 Market scope

Many countries in the MENA region have small markets, and entrepreneurs often need to reach out to international markets. Trade policies and practices, as well as migration and travel and cultural and language similarities, can facilitate international business activity. **Figure 6-12** shows how many entrepreneurs and established business owners target local and/or national and/or international markets. Nearly all entrepreneurs in Oman sell locally and nationally (or project they will), which is consistent with the dominance of

consumer-oriented businesses, typically serving local customers. All the other MENA countries have a higher percentage of entrepreneurs who also sell nationally, and only Saudi Arabia and Morocco have lower proportions of entrepreneurs who also sell internationally. Similar results were reported among established business owners. It is interesting to note that Qatar and the UAE exhibit greater industry sector diversity, with a higher proportion of entrepreneurs and established business owners in the business oriented and transforming sectors; this may partially explain the greater market reach of entrepreneurs in those countries.

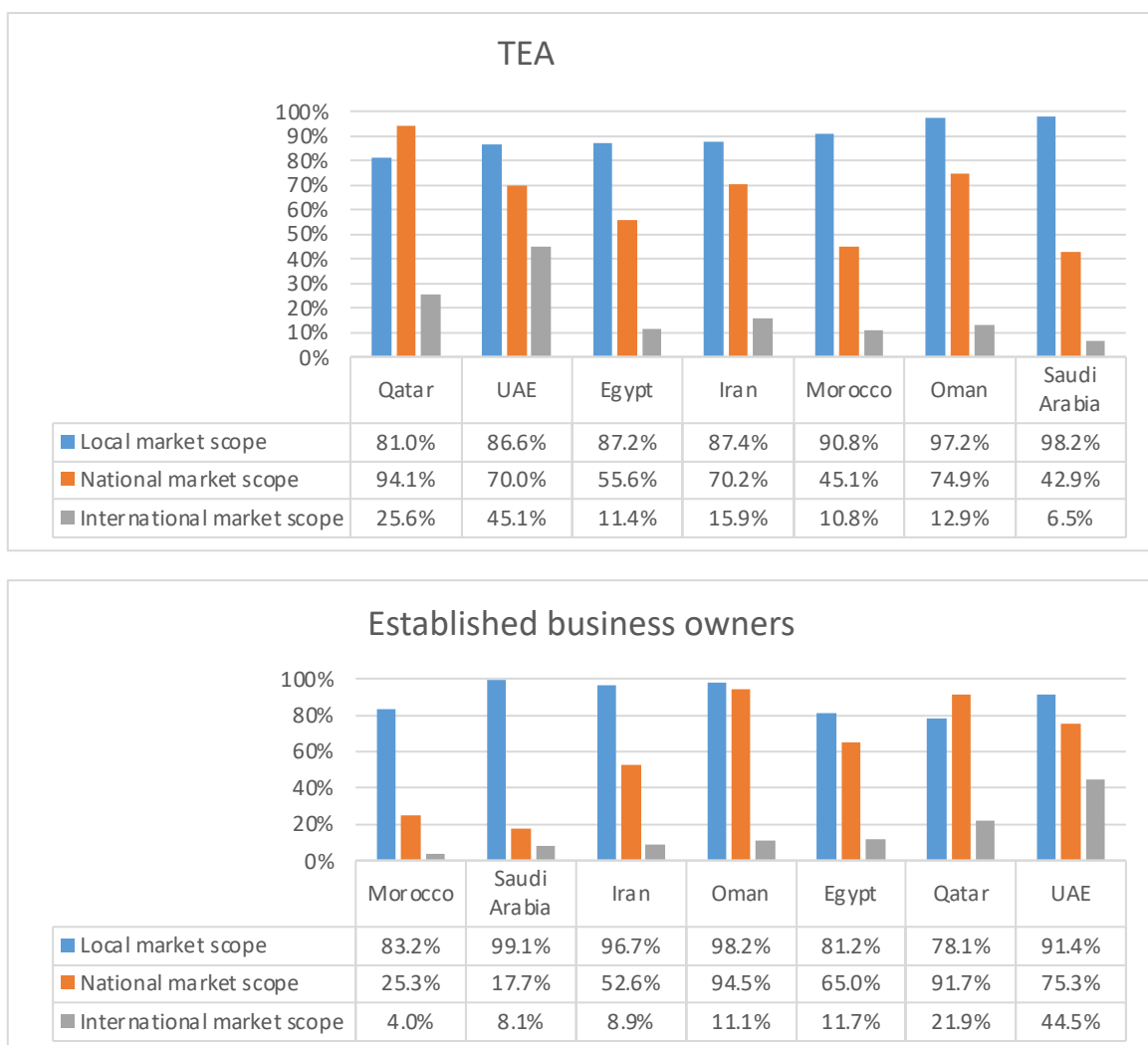


Figure 6-12: Market scope of entrepreneurship and established business activity in MENA, 2021

A Success Story



Bima, one of OTF investments, is a leading Insurance platform that connects most insurance companies in Oman to offer a convenient and easy way to its clients to compare and acquire customized insurance covers.

Bima also offers a set of APIs for leading Omani apps to allow them to offer insurance directly to their customers, and thru an automated integration with whatsapp and uses robotic process automation to automate the policy issuance.

Bima managed to acquire 10% of Oman's motor insurance within its first 2 years and enjoys an excellent monthly growth.





Chapter

7

**Gender
Characteristics**

7.1 Societal Attitudes

As **Figure 7-1** illustrates, men and women hold average societal attitude towards entrepreneurship in Oman. However, men are more positive than

women: 25.7 % of men believe that it is easy to start a business compared with only around 19 % of women. Both men and women perceive that entrepreneurship is a good career choice, which attitude has the highest rate among the indicators.

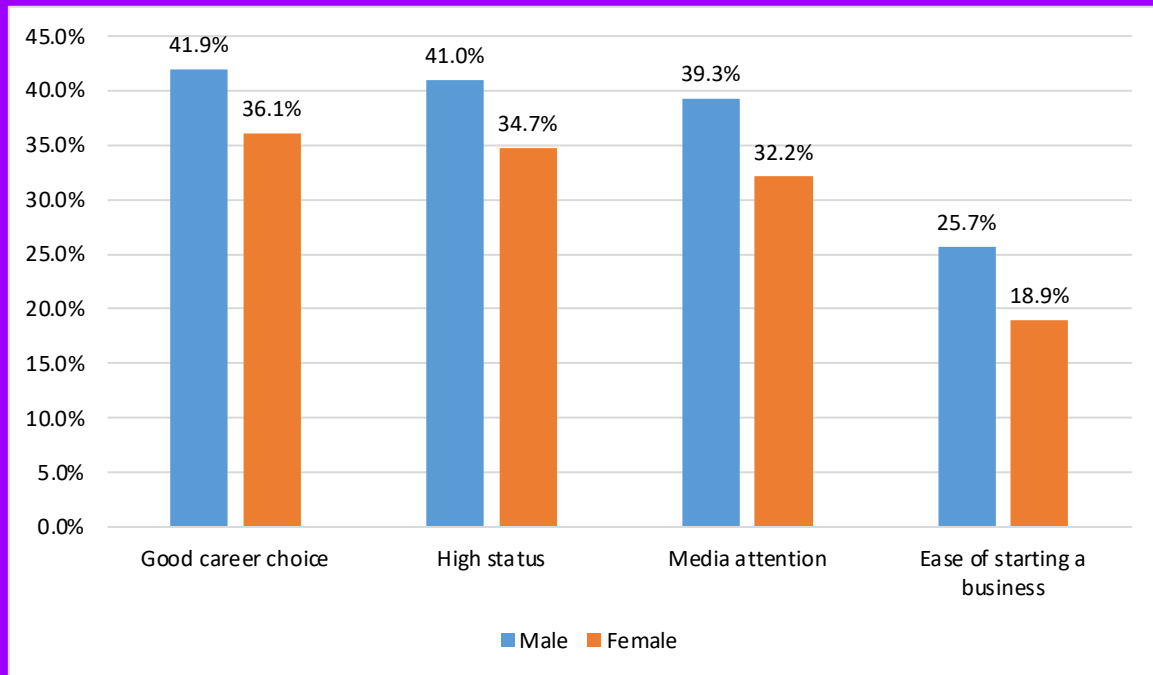


Figure 7-1: Societal attitudes toward entrepreneurship in Oman by gender, 2021



7.2 Entrepreneurial affiliations and self-perceptions

As shown in **Figure 7-2**, men were slightly more likely than women to have more personal affiliations with entrepreneurs. This difference could be influenced by gender differences in participation in business networks and other activities that would provide contact with entrepreneurs; it could also be to entrepreneurial capabilities (see Chapter 2). In addition, it can be seen that more

males are able to see opportunities around them for starting a business, and believe that they have more capabilities than women do. Indeed, there is a huge difference between males and females in their capabilities to start a business. For instance, approximately 36% of men had the capability, compared to only 23% of women. There is also a slight difference between the genders when it comes to fear of failure, which prevents them from starting a business. Affiliations and perceptions of opportunities and capabilities are not at all matched with fear of failure among either gender.

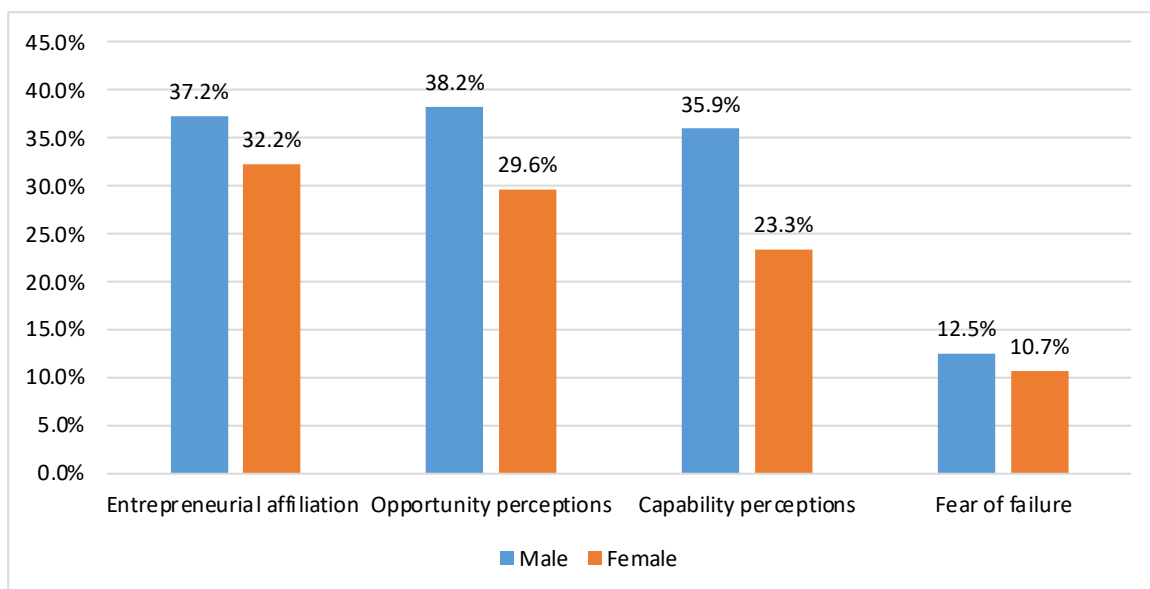


Figure 7-2: Affiliations and self-perceptions toward entrepreneurship in Oman by gender, 2021



7.3 Phases of the entrepreneurial process

As shown in **Figure 7-3**, males were more likely than women to engage in entrepreneurial activity in all phases. The picture in relation to intention to start a business in the next 3 years is different, with men slightly more likely to report this intention. Also, men are more likely to act on their intentions, so they numbered more than women in TEA. Women were less likely to report

established business activity, possibly indicating problems with the long-term stability of business started by women. Additionally, the lower reporting by women of closures and exits is likely a reflection of their lower rate of participation in entrepreneurial activities in the past. Indeed, there are various reasons why business exits

occur. One obvious reason is insufficient sales or profitability. Other negative reasons include the burden of taxation or bureaucracy, the failure to access resources, including finance, or some change in personal circumstances (Global GEM Report 2020–2021).

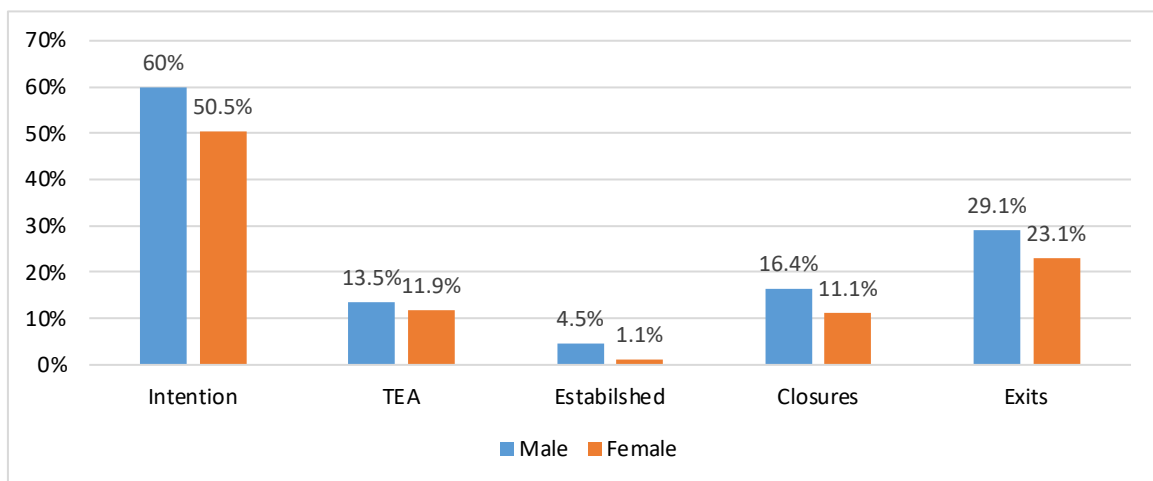


Figure 7-3: Phases of the entrepreneurial process in Oman by gender, 2021

7.4 Industry participation by gender

The distribution of entrepreneurship and established business activity according to sector and gender reveals an interesting phenomenon. In 2021, the participation of women was concentrated in two types of businesses: primarily consumer-oriented activities and some business-oriented activities. In recent years, it is worth noting that both men and women were likely to start businesses that became established in the consumer-oriented sectors compared with other

sectors. However, at the mature business level, women are more likely than men to be running consumer-oriented businesses. This could bring up questions about whether certain businesses are more sustainable than others for women. In 2021, there were no females in established businesses working in extractive, transforming and business-oriented activities. Additionally, there is a big difference in numbers between males and females in extractive businesses: for TEA, the percentage of male involvement was 14.3% compared with only 1.2% for women; and there were no female-established business owners in these sectors (**Figure 7-4**).

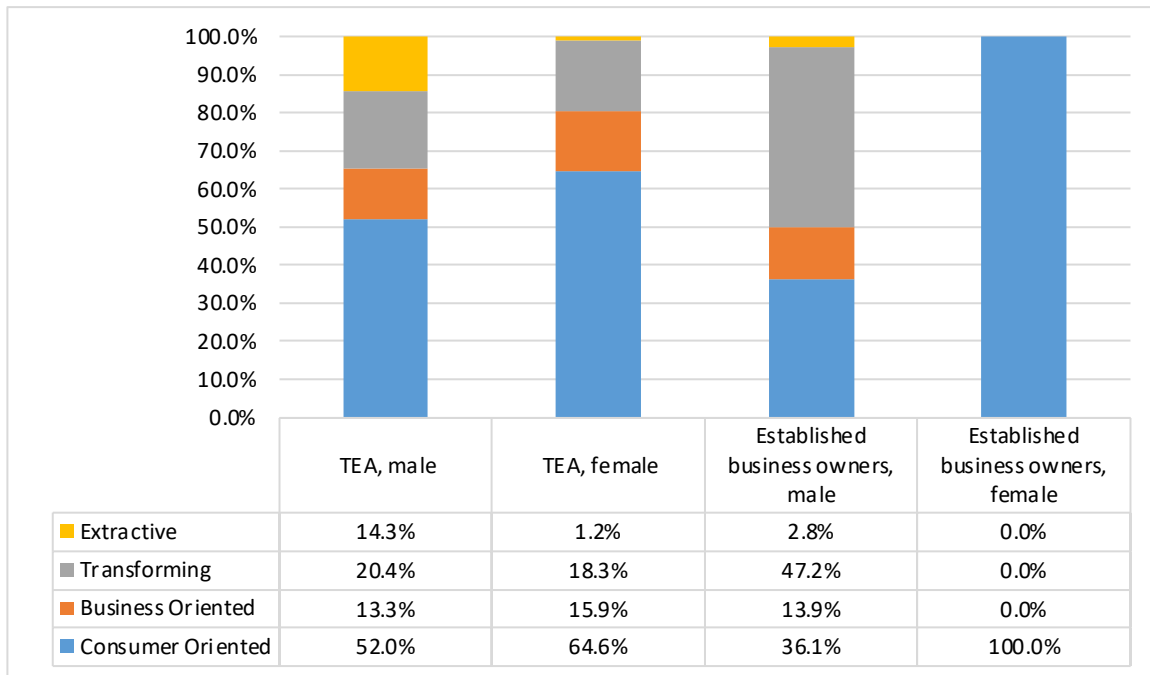


Figure 7-4: Industry sector distribution of TEA and EBO in Oman by gender, 2021

7.5 Expectations for job creation and market scope by gender

GEM APS asks those starting or running a new business how many people they expect to employ in five years' time. The result showed that males more than females aspired to growth. In fact, 68.8% of men expect to create 1-5 jobs compared

with only 31.3% of women.

Men and women show a fairly similar distribution in terms of the scope of their markets, with both genders primarily selling nationally. In both TEA and established business, women were somewhat more inclined than men to sell locally and nationally, while most of international markets participation are males. **(Figure 7-5).**

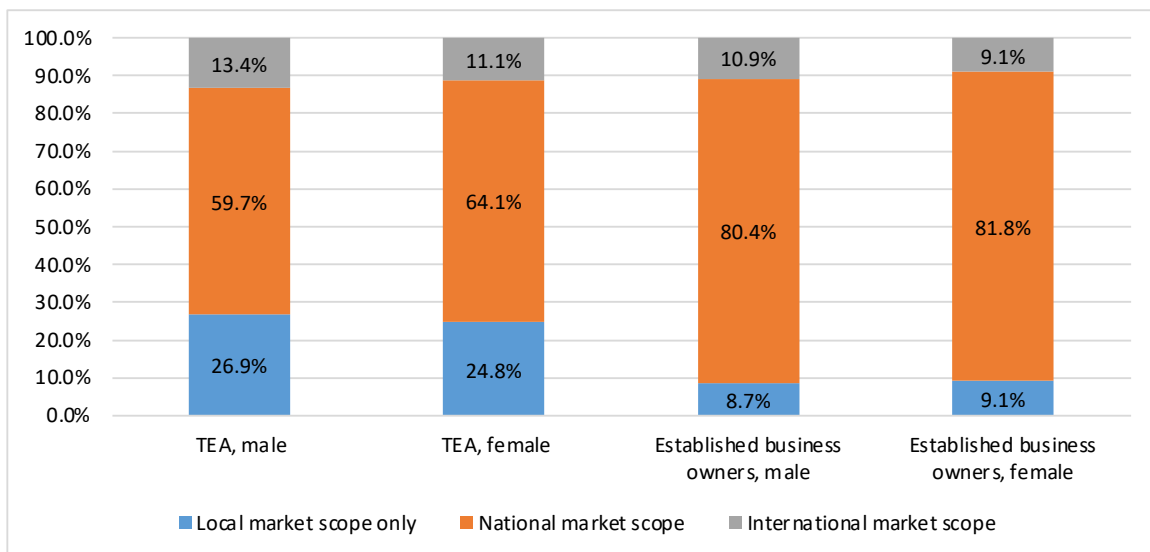


Figure 7-5: Market scope of TEA and EBO activity by gender in Oman, 2021

7.6 Scope of innovation and scope of new technologies and processes by gender

As defined by the global GEM Report (2021-2022), in business, innovation means “introducing new products or services, or in using new technologies or processes” (p. 51). The GEM APS asks those starting or running a new business if any of their products or services are new to people in the area where they live, or new to people in their country, or new to the world. As shown in **Figure 7-6**, most TEA and established businesses in Oman offer barely innovative products or services. This might be due to the lack of skills and talents such as design thinking

and technological understanding to execute new ideas that would add more value for customers. Also, the culture plays an important role in slowing innovation because some people show minimal acceptance to change and they believe that innovation is a source of risk. Men are more likely to state that their businesses are not innovative especially in established phases. Where innovative products or services are offered, the market scope for both is mainly local and national. It is noticeable that females in TEA and established businesses are more likely than their male counterparts to report innovative products or services at a local level; but this is opposite in terms of the national level where males provide innovative products and services more so than females.

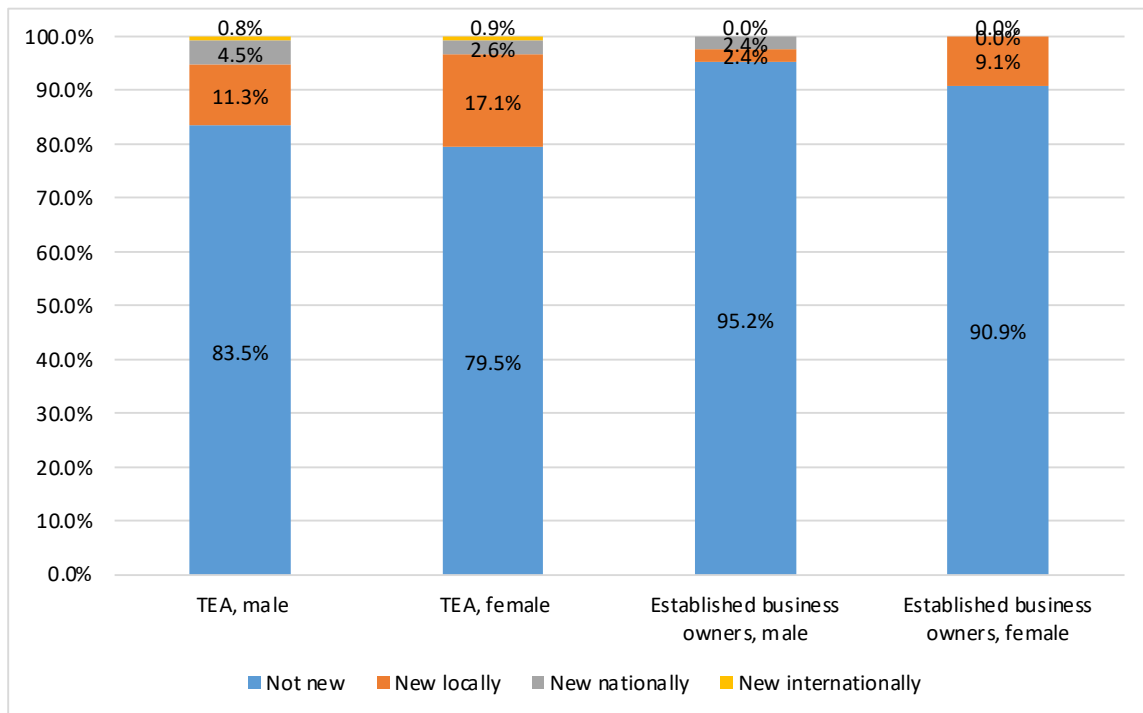


Figure 7-6: Scope of innovations for TEA and EBO by gender in Oman, 2021

It is noticeable in **Figure 7-7** that most entrepreneurial and established businesses in Oman do not use new technologies or procedures to produce their products or services. However, this observation applies more often to businesses run by women especially in the established

phase. When a new technology or procedure is used, the scope is mainly local or national and this applies to both genders. In TEA, women are more likely to report technologies and processes that are new locally, whereas the opposite is true in established businesses.

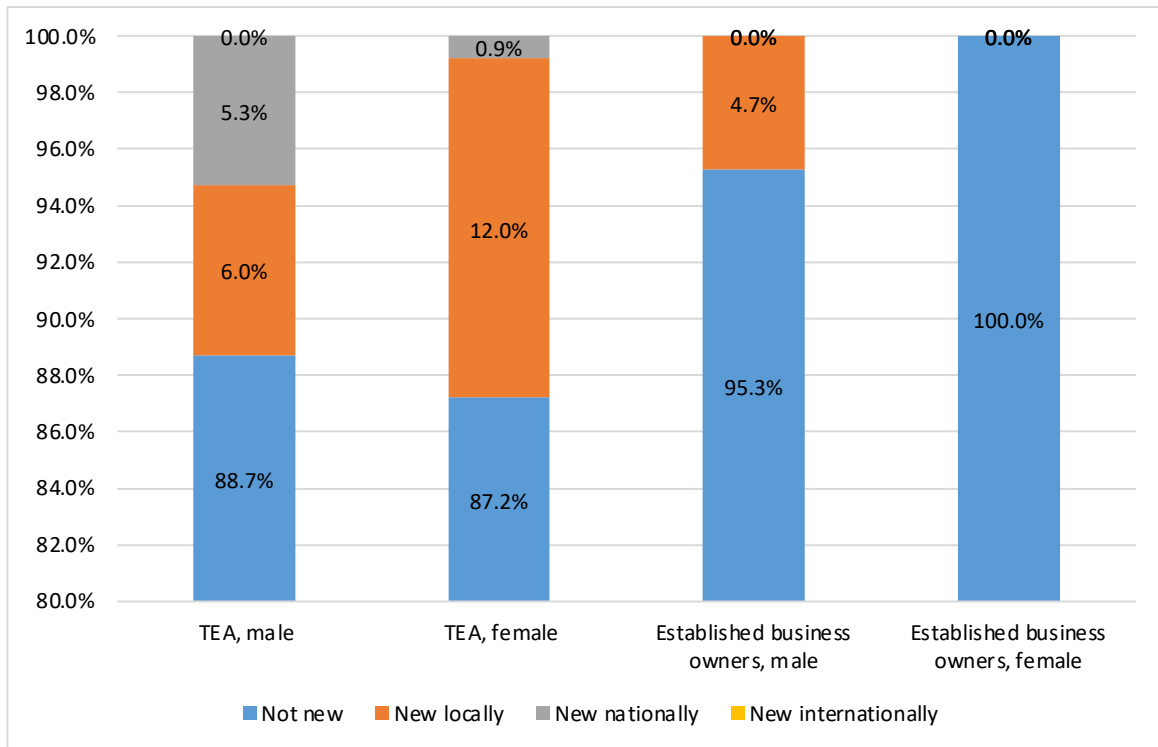


Figure 7-7: Scope of new technologies and process for TEA and EBO by gender in Oman, 2021

A Success Story



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مع مُصلِح
كل شي يتصلِح



Musalih

A platform connecting house owners with omani technicians specialized in the repair and maintenance of ACs, repairing electrical services, inspections, plumbing and water tank services.



Chapter

8

Age

characteristics

8.1 Societal attitudes

Figure 8-1 shows that positive societal attitudes toward entrepreneurship in the Sultanate of Oman are high, especially in the groups aged 25–34 and 35–44 who believe that entrepreneurship is a good career choice. This might be due to the scarcity of jobs. On the other hand, more than 60% of all

age groups attach high status to entrepreneurs, and the 25–34 age group is more inclined than others to believe that entrepreneurs receive high media status. Regardless of age, less than 51% of people consider it difficult to start a business, and this might be because of the long bureaucratic procedures required in Oman.

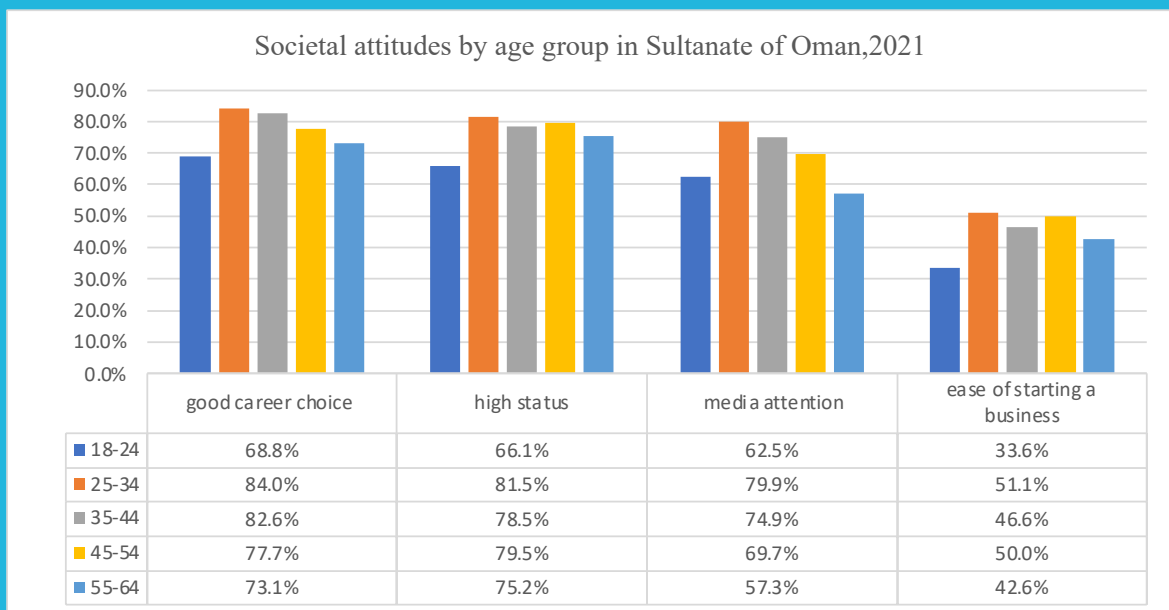


Figure 8-1: Societal attitudes by age group in Sultanate of Oman, 2021



8.2 Affiliation and self-perception

Figure 8-2 shows that more than 70% for both age groups, 25-34 and 35-44, know at least one entrepreneur. The highest age group of 55-64 was less likely to know one. Young people 25-34 are more perceiving entrepreneurial opportunities than the others. Groups of 35-44 and 45-54 are

slightly similar in perceiving opportunities, but the oldest group, 55-64, is less positive, which might be because they are reaching retirement age. Perceptions of own entrepreneurial capabilities are high across young people aged 25-34 and lowest among the oldest. Fear of failure is lower in all age ranges, which tends to demonstrate a high degree of natural self-confidence.

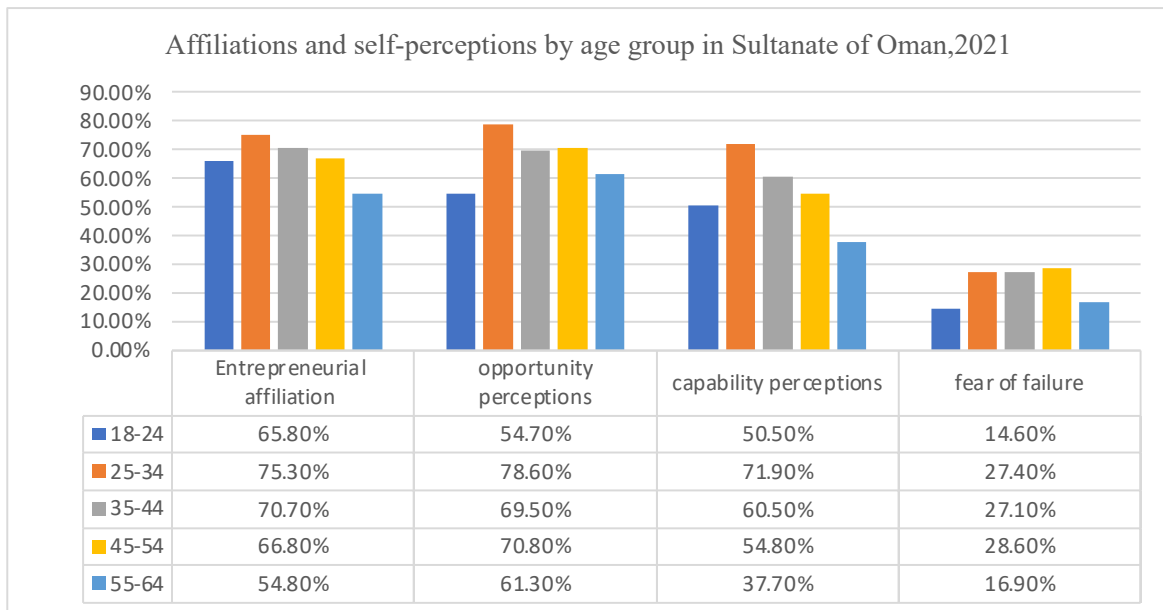


Figure 8-2: Affiliation and self-perceptions by age group in Sultanate of Oman, 2021



8.3 Main phases of the entrepreneurial process

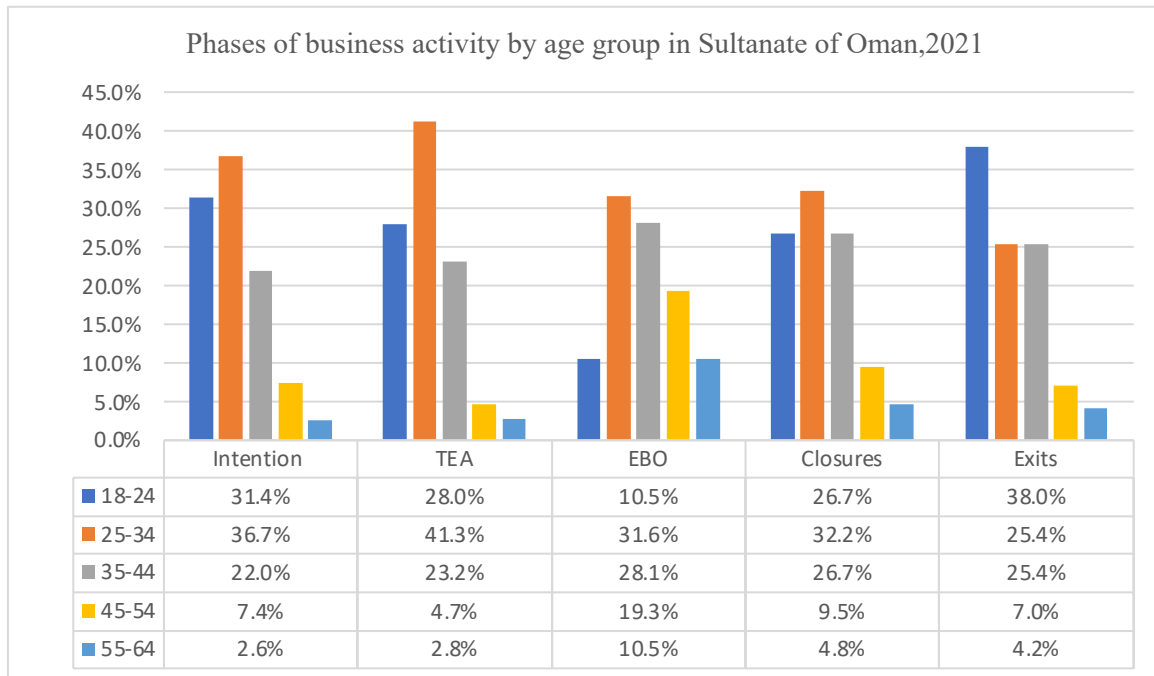


Figure 8-3: phases of business activity by age group in Sultanate of Oman, 2021

Figure 8-3 illustrates the different phases of business development and the attitudes among different ages. Entrepreneurial intentions are greater among the two lower age groups. This could be due to affiliations, capabilities or opportunities. Regarding established business

activity, participation escalated in the 25-44 age group. Finally, closures and exits seem to be less for ages 45-64. Thus, in summary, young individuals are more likely to close or exit the market than are older age groups.



8.4 Motivation for entrepreneurship

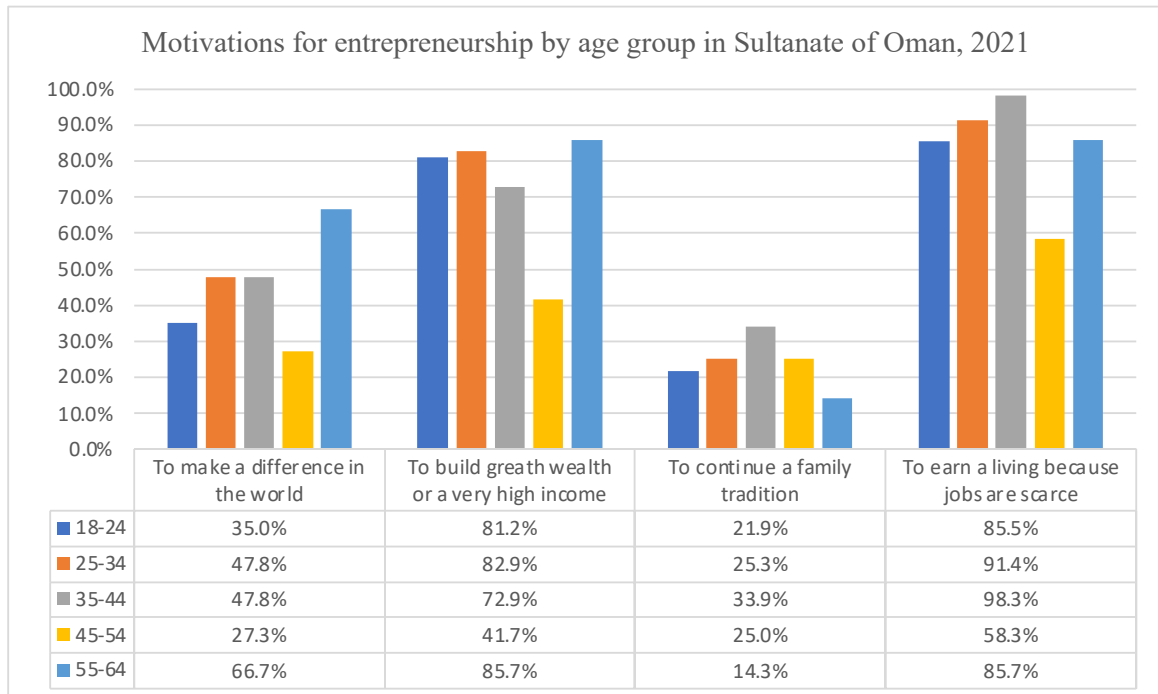


Figure 8-4: Motivations for entrepreneurship by age group in Sultanate of Oman, 2021

The reasons for starting a business differ among age groups. The main reasons for young individuals are to get a job and to earn a living, because jobs are scarce. This is very obvious since the unemployment rate is high due to the lack of job opportunities. To continue a family tradition

is considered the least of the reasons to start a business among all age groups and it is least of all among the oldest individuals. However, we see that the oldest individuals are more motivated than other age levels to start a business in order to make a difference in the world.



A Success Story



by Ghania bint Muhammad bin Aboud Al-Azri, owner of the Foundation: The Sunrise of Creativity for Trade.

First of all, I had been practicing the sewing profession for many years and I reinforced my passion for this profession by joining one of the courses organized by the Sanad Program. After that, I opened a sewing shop and employed three female employees with me for three years. Since this project needed sewing supplies and tools, I used to bring these materials from Nizwa, because there was no store in Bahla that specialized in sewing tools. The success began with opening the first store near Bahla Hospital, where the store began expanding the goods and materials supply month after month. The store gained fame and popularity as it was the only one at that time. However, the shop was small, so we thought during the past few years that we need to open a new one with a larger area.

In November 2021, the second branch was opened in the Jibreen area, and is considered as a center since the area of the shop is more than 300 square meters. Among the most prominent marketing methods are social media (WhatsApp, and Instagram), and most importantly gaining the trust and love of the customer through the quality of service provided to them and good dealings. As with any project, we



have faced many challenges, such as the lack of sufficient funds to purchase materials, which forced us to finance through the Al Raffd Fund at that time by obtaining a loan. Regarding the second project, we faced more difficulties as the establishment was during the COVID-19 crisis, which lasted for nearly a whole year until the project was opened. We went to the Development of Small and Medium Enterprises Authority to obtain a loan for this project, but unfortunately we did not get approval, which forced us to borrow personally to open the shop with the available goods so as not to incur more losses, as we were paying rent although the shop was closed due to this crisis.

My most important ambition is to extend the project to become the first to provide all sewing supplies and tools, so that the customer finds everything needed in this field and to become a wholesaler in this field in my region. One of the tips for entrepreneurs who are about to open new projects is to study the project before starting in terms of economic feasibility, as well as having endurance and patience, and for the owner of the project to stand by himself to follow up step by step. There are obstacles and pitfalls that any project may face. He must face these obstacles with patience and not despair from the first obstacle, but he must continue and be patient until he reaches the goal he hopes for.



Chapter

9

Informal Investors

9.1 Rate of informal investment

The percentage of Omani adults making informal investment was around 8% in 2021, as shown in **Figure 9-1**. However, informal investment activity has been affected by the COVID-19 pandemic, which introduced elements of risk for everyone in business. While formal sources include formal debt finance, venture capital, IPO, and angel funds, informal sources include capital funds from close family members, relatives, friends, neighbors or any other private moneylender. The survey considers adults as

informal investors if, in the past three years, they have personally provided funds for a new business started by someone else, excluding any purchases of stocks or mutual funds. Early-stage entrepreneurial activity (TEA) is largely affected by the availability of informal investment. Start-ups usually find it difficult to obtain formal financial resources due to their newness. Therefore, they rely largely on their own savings, or informal funding from their family, friends and relatives. Unsurprisingly, the amount of funding provided by informal investors is relatively small considering the high risk associated with start-ups.

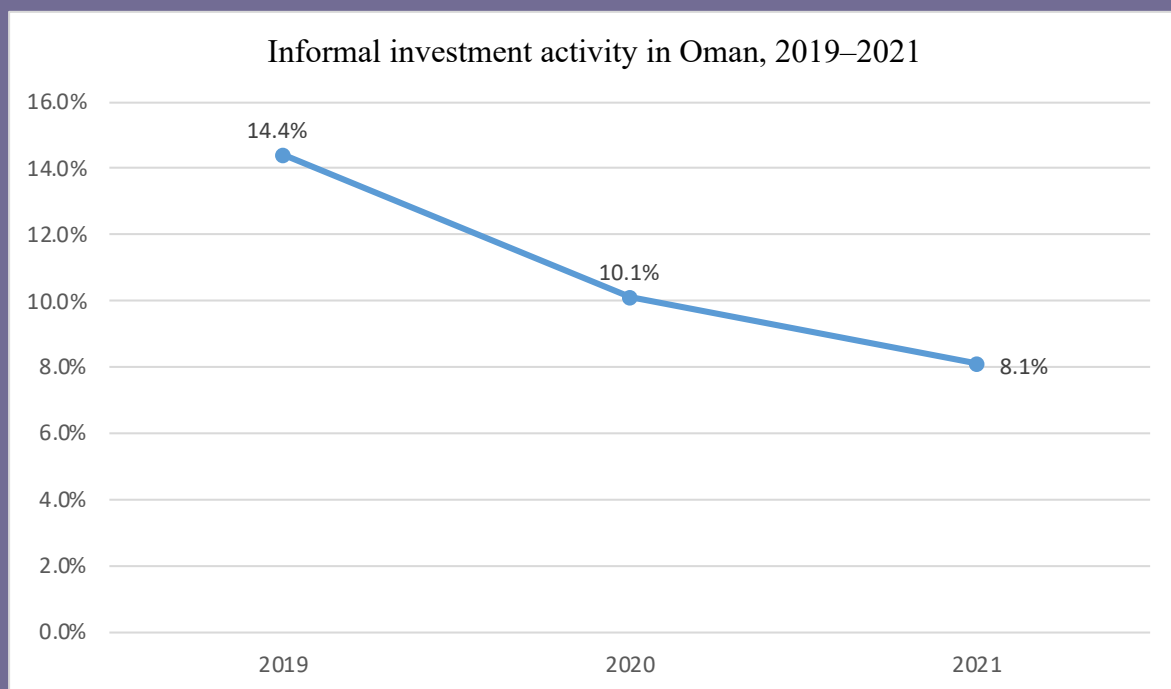


Figure 9-1: Informal investment activity, 2019–2021
Source: GEM Oman APS, 2019–2021

9.2 Median investment amounts for informal investors

Given the fall in informal investment activity in 2021, especially compared to 2019 (see **Figure 9-1**), the median investment funds amount for informal investors was calculated shows a high of 2,000 OMR in 2019 dropping drastically to 550 OMR in 2020, then rising steeply to 1,500 OMR in 2021, despite that year having the lowest investment activity for the 3-year period. The big drop in

2020 suggests the effects of the pandemic were to blame, but the steep rise in 2021 might imply that most of the informal funding went to micro and small size entrepreneurial ventures with low funding requirements. Therefore, there is an imperative need for multiple sources of funding for different entrepreneurial ventures. However, the increasing entrepreneurial opportunities for micro and small size enterprises might also illustrate the reported low median investment amount.

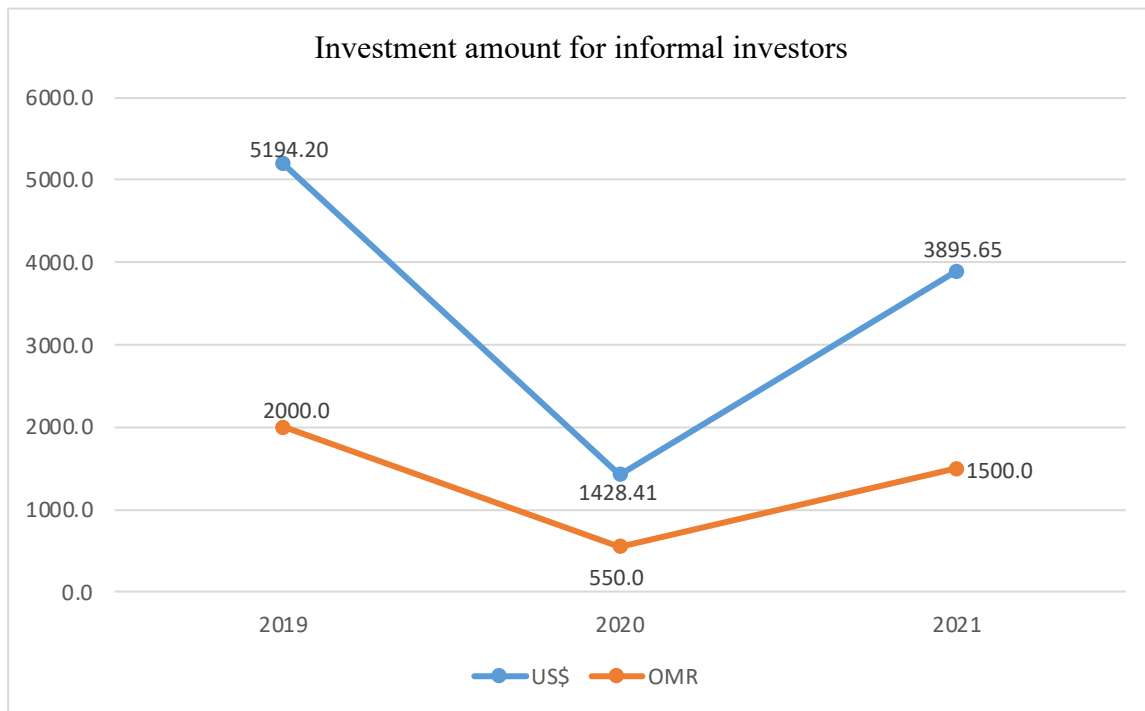


Figure 9-2: Investment amount for informal investors, 2019-2021
Source: GEM Oman APS, 2019-2021

9.3 Relationships between investors and recipients of investments

The surveyed Omanis who engaged in informal investment activity were questioned about their relationship to the supportive source of their investment in 2021. The results shown in **Figure 9-3** demonstrate that more than half of

the informal investments were received from close family members, followed by friends or neighbors at 53% and 25% respectively. Furthermore, the lowest rate of informal investment support is from strangers with good business ideas. Thus, in summary, the results indicate that informal investment is mainly acquired through traditional support from close family members.

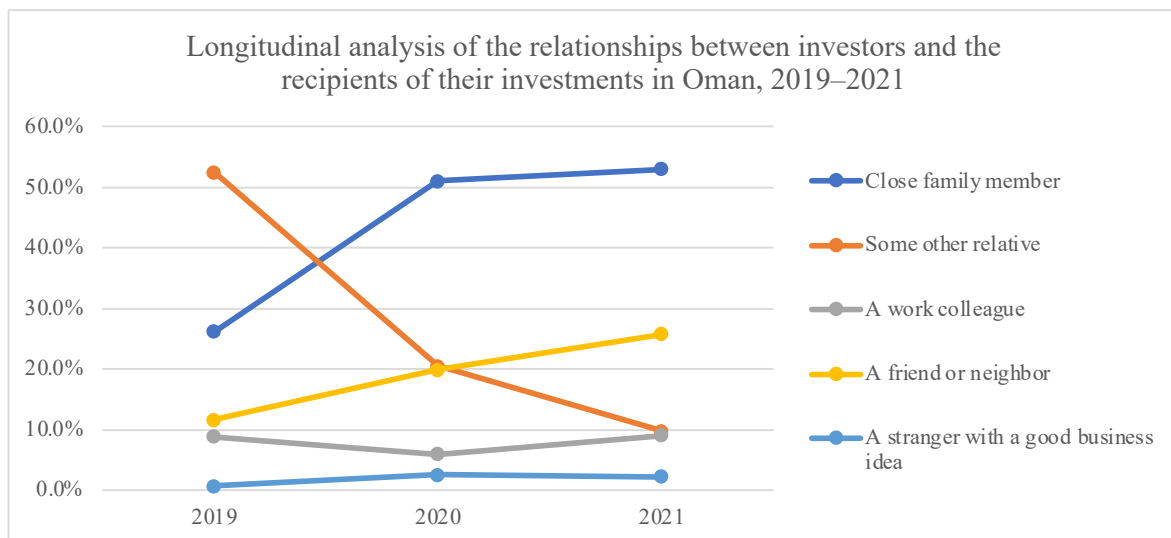
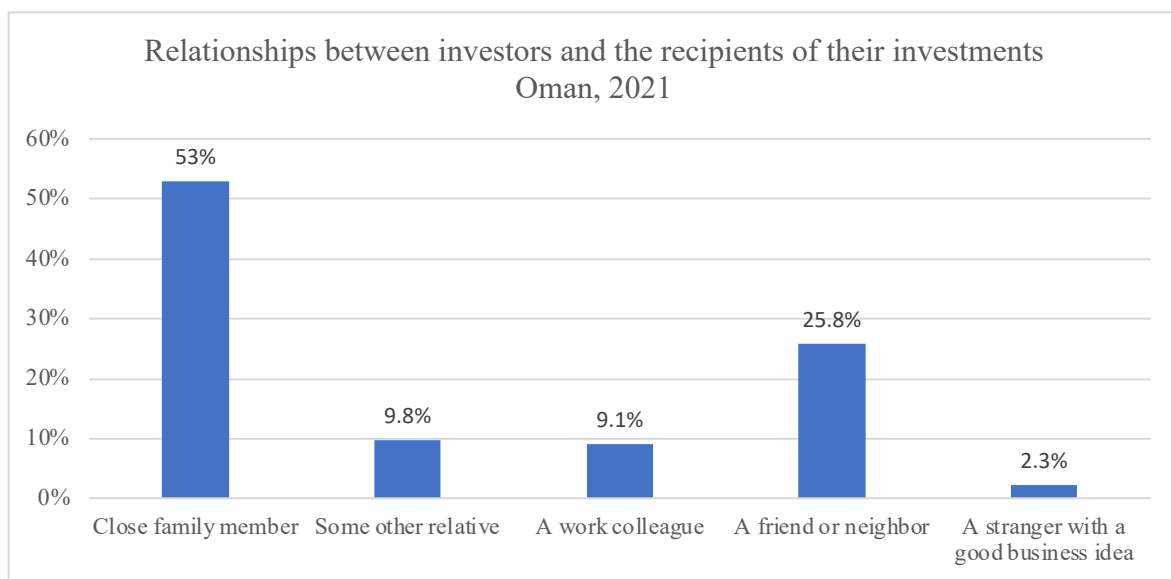


Figure 9-3: Investors and investment recipient’s relationships, 2019- 2020
 Source: GEM Data APS, 2019-2021

A Success Story

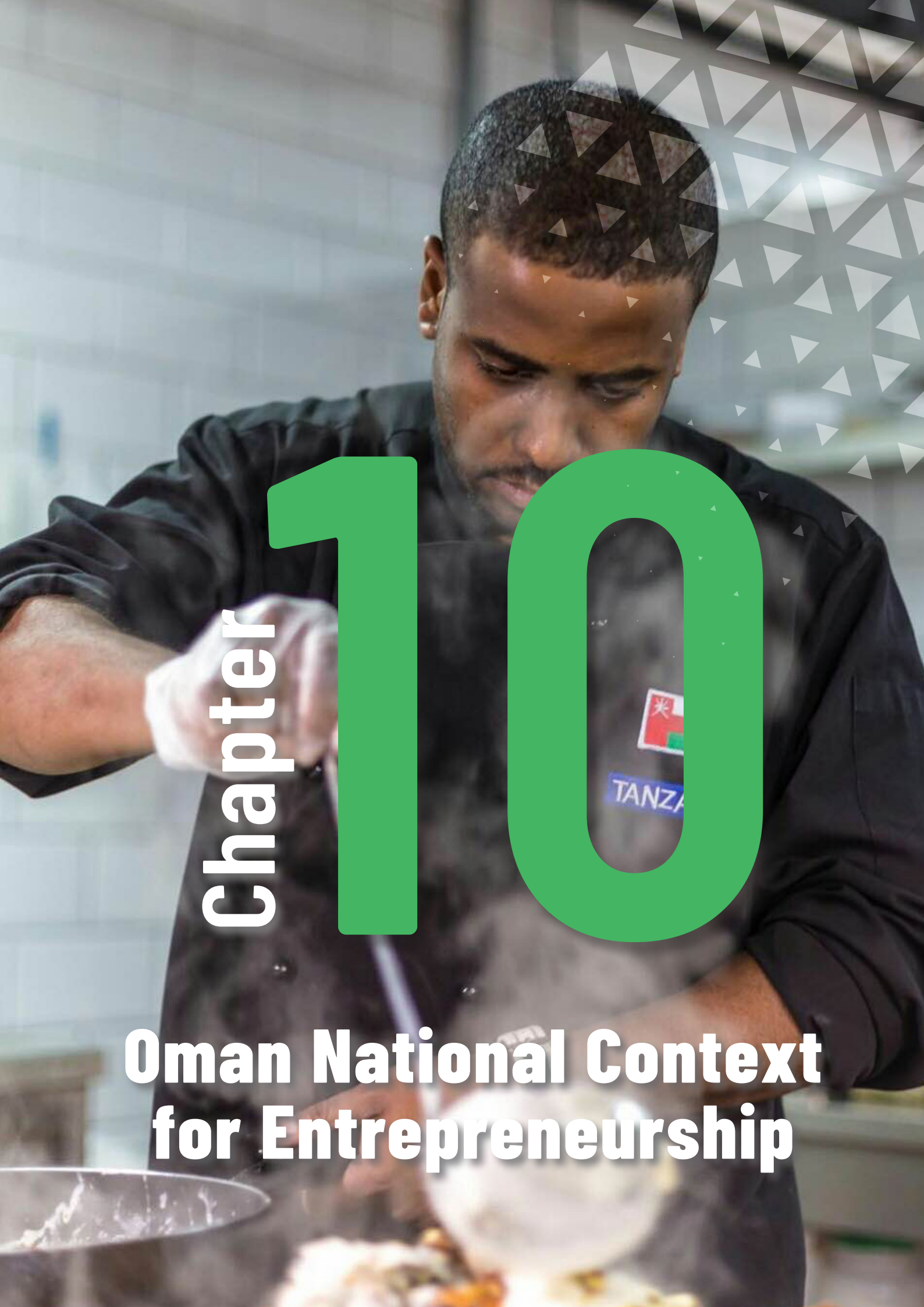


by **Rihab Yaseen Al Lawati**, a founder and partner in Future Wells Trading LLC. Holder of a master's degree in Business Administration from the University of Strathclyde - United Kingdom (2022) and bachelor's degree in Business Studies majoring in Human Resources from the University of Technology and Applied Sciences in Muscat (2011).

Everyone has a dream, and my dream was to become a successful entrepreneur. When I was a child, I used to frequently visit my father's offices where his business activity was in the import and FMCG distribution. I learnt from him the traits of a successful business owner. After graduation, my first job was at Competence HR LLC where I gained the leadership skills and



the practical work experience which qualified me to enter the world of entrepreneurship. By God's grace, I succeeded in establishing my first company in the year 2016. I was keen to follow my father's line of business. Nevertheless, I have ensured to follow the modern business trends such as e-commerce and digital marketing. This included using various social media platforms which had a vital role in introducing and marketing our products to the consumers in a short period of time. The weak purchasing power and the difficulty of competing with the large companies were the main challenges that impacted our businesses. However, these obstacles have motivated me to complete my postgraduate studies, which as a result opened new horizons for me to innovate and maintain the company's market share.



Chapter

100

**Oman National Context
for Entrepreneurship**

10.1 Overview

Entrepreneurs start and run new ventures in distinct environments containing a wide range of local and national conditions that can facilitate—or hinder—these efforts. The market failure and institutional failure have an impact on establishing the business (for example in terms of access to finance, bureaucratic procedures, science parks and the support for R&D, ease of business establishment, market dynamics, and others). Through its annual National Expert Survey (NES), GEM assesses the average state of the national context for entrepreneurship.

GEM requires that at least four experts in each of the nine topic areas complete the NES. In 2021, as the third year for the Oman GEM Report, 36 experts in Oman were carefully selected for the survey, based on their knowledge and experience in at least one of the framework conditions. The experts are selected from top management positions, policymakers, entrepreneurs, government officers, academics, and from other services institutions that provide facilities to entrepreneurs.

Twelve entrepreneurial framework conditions are evaluated using a questionnaire organized into nine blocks of items, which include:

- Entrepreneurial finance
- Government policies
- Government programs for entrepreneurs
- Entrepreneurship education and training
- R&D transfer
- Commercial and professional infrastructure
- Internal market dynamics and burdens
- Physical infrastructure and services
- Cultural and social norms

As seen in the following sections, this initial evaluation is aligned with the average score calculated for the NECI composite index (10 points) obtained as the average of the marks obtained by each of the 12 evaluated conditions, as both figures are close.

The next sections show the results provided by experts regarding the Omani context in the year 2021.



10.2 National entrepreneurship framework condition in Oman

Table 10-1 shows Oman's average scores and ranks in the 12 entrepreneurial framework conditions,

plus the NECI composite index among the 19 economies on level B completing the NES in 2021. The results of the NES for 2021 in Oman indicate a slight change in rating the entrepreneurial conditions (**Table 10-1**).

Table 10-1 shows Oman's ranking among 19 economies

Oman's ranking among 19 economies on level B economies on 12 national entrepreneurship framework conditions	2019 Average score	2020 Average score	2021 Average score
Financing for entrepreneurs	4.3	4.9	3.8
Ease of access to entrepreneurial finance*			4.0
Government concrete policies, priority and support	4.5	5.2	4.8
Government policies bureaucracy, taxes	4.2	4.3	3.7
Government programs	4.4	5.1	3.8
Entrepreneurial level of education at primary and secondary	3.5	4.4	2.8
Entrepreneurial level of education at vocational, professional, college and university	4.4	5.3	3.9
R&D level of transference	4.1	4.4	3.1
Professional and commercial infrastructure access	4.6	4.8	4.2
Internal market dynamics	5.6	5.7	6.0
Internal market burdens	4.0	5.1	3.2
General physical infrastructures and services access	6.2	6.1	4.9
Cultural, social norms and societal support	5.7	6.0	5.4
NECI composite index	4.6	5.1	4.1

***Note:** In 2021, the NES incorporated a new topic related to the ease of accessing funds for entrepreneurship.

Source: GEM Oman National Expert Survey 2021

Table 10.1 shows that there is not much difference in the scores of all the EFCs indicators for the past three years. For example, the financing sufficiency and the ease of getting finance have an average score of 4.3. The results show that in Oman, debt funding is perceived as the most accessible source of finance (same as in 2020), followed by equity funding (understood as entrepreneurs' own financial resources), followed by government loans and subsidies, and informal investors. Still the innovative financing sources are not represented as a high share in the financing sources, such as micro funding, initial public offering, venture capital, and informal financing. The results are

evidence that Oman is still using traditional financing methods. The micro fund is rated as the lowest type of fund resource available to entrepreneurs (for example crowdfunding from a large number of individuals contributing a relatively small amount to establishing small or new firms). In general, there is an improvement in types of financing sources available for entrepreneurs according to the experts' view between 2020 and 2021. Experts pointed out that in Oman it is easier to hire financial support services at reasonable cost for new and growing firms than getting a loan from the banks.

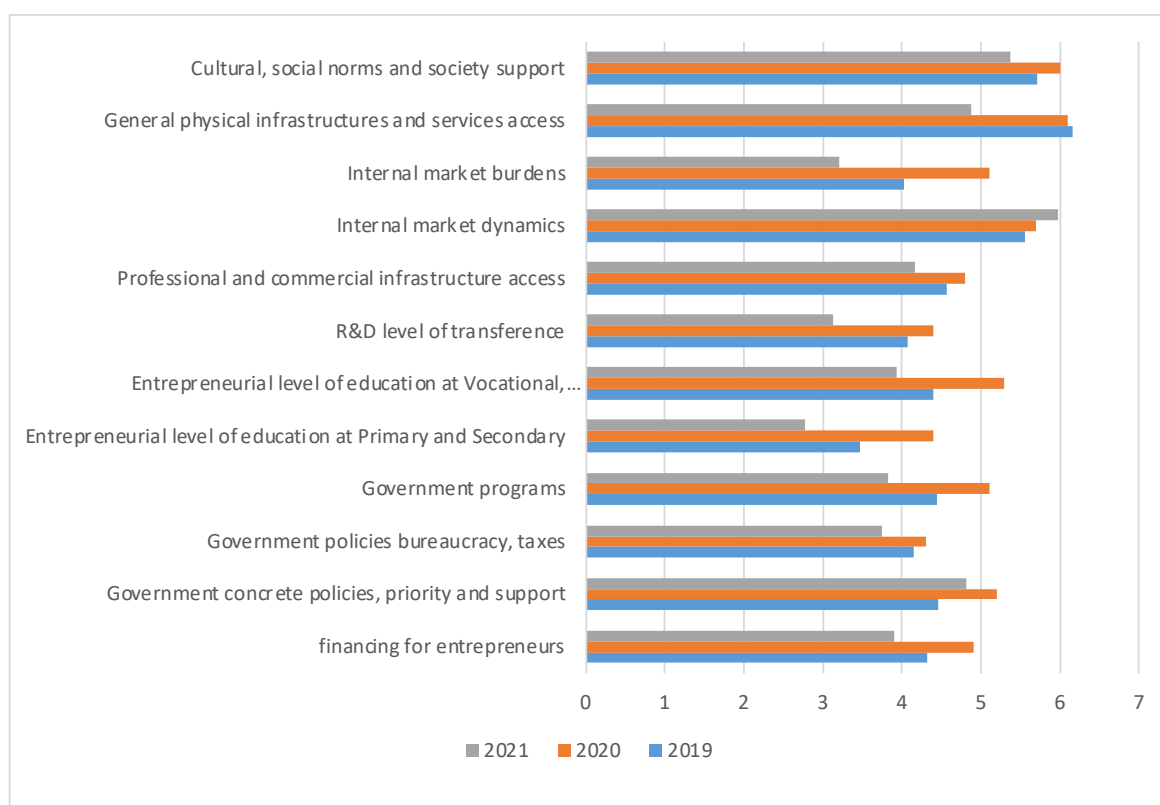


Figure 10-1: Average expert ratings on 12 entrepreneurship framework conditions in Oman, 2019-2021
 Source: GEM Oman National Expert Survey 2019- 2021

Rating for the government policies, support and programs decreased in 2021 (**Figure 10-1**), which

are still changeable for the government. However, the support for new and growing firms is a high

priority at the national levels for the government, and many supporting programs were initiated in 2021 by the government to support this industry. Experts have given a high rate of satisfaction for the support for new and growing firms from the policymakers and the reasonable cost for entrepreneurs to register new firms/businesses. On the other hand, two main factors were below the experts' satisfaction: the long time for new firms to get most of the required permits and licenses (which exceeded one week), and a wide range of government assistance for new and growing firms that cannot be obtained through contact with a single agency. Adding to that, entrepreneurs were less motivated for growing their businesses because of paying taxes and dealing with bureaucracy. Experts also mentioned the limited number of science parks in Oman to provide effective support for new and growing firms. However, Oman is ranked better in comparison to other MENA countries regarding government support and policies (**Figure 10-1**).

According to the experts' opinions, entrepreneurial education both at primary and secondary schools need to be developed. The Ministry of Education in collaboration with the SMEs Development Authority have designed a curriculum for entrepreneurship for class 10 in schools; however, much attention should be given also to the remaining classes.

According to experts, it is important to put more emphasis on improvements in R&D, especially in ways of transferring knowledge from universities and public research centers to new and growing firms, and in the support available for engineers and scientists to have their ideas commercialized through new and growing firms. Expert ratings also indicated that small firms in Oman are less able to access new research and technology than large firms are. The government through the Oman Technology Fund (OTF) has given a lot of

support for new and growing firms to acquire new technology, as well as for establishing technology start-ups.

Commercial and professional infrastructure, and physical infrastructures and services need some improvement in order to facilitate access by entrepreneurs. For instance, experts, on average, think that it is quite challenging for new and growing firms to get tenders, suppliers, professional legal, accounting services, consultants and banking services, which are somewhat costly.

However, the internal market dynamic has the highest rating conditions in 2021. Experts perceived the dynamics of the domestic market in Oman as sufficient when describing it as continuously changing in the field of goods and services transactions for both consumers and companies. The E-business has grown during the COVID-19 period, specifically during the lockdown periods. As in the previous year, there is a barrier to market entry by new and growing firms as the experts' caution. Although they admit that entrepreneurs have sufficient market access, they also warn that they have to face a certain degree of blockage by companies that are consolidated in the market, and that the antitrust legislation could be better enforced.

As shown in **Table 10-1**, the social and cultural norms indicator is the second best as rated by experts. They found that the national culture highly emphasizes self-sufficiency, autonomy, and personal initiative, as well as individual personal efforts. They are positive about the promotion of entrepreneurial risk-taking, creativity and innovativeness, and self-management. When compared with the average ratings for the other MENA countries (**Table 10-2 and Figure 10-2**), Oman shows relative strengths in these factors.

Table 10-2: Positioning of Oman compared with the average for other MENA countries

Positioning of Oman compared with the average for other MENA countries on entrepreneurship framework conditions, 2021	Oman	MENA
Financing for entrepreneurs	3.8	4.5
Government concrete policies, priority and support	4.8	4.4
Government policies bureaucracy, taxes	3.7	4.4
Government programs	3.8	4.2
Entrepreneurial level of education at primary and secondary	2.8	2.9
Entrepreneurial level of education at vocational, professional, college and university	3.9	4.4
R&D level of transfers	3.1	3.8
Professional and commercial infrastructure access	4.2	5.2
Internal market dynamics	6.0	5.6
Internal market burdens	3.2	4.1
General physical infrastructures and services access	4.9	6.2
Cultural, social norms and society support	5.4	5.4

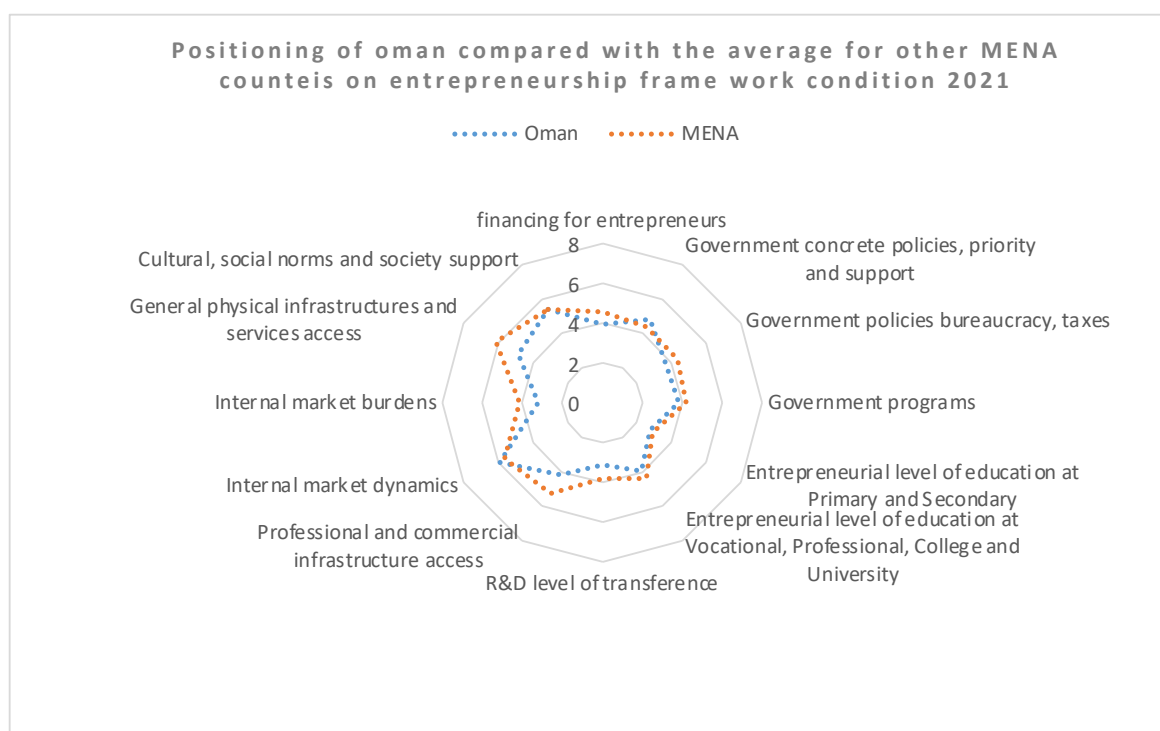


Figure 10-2: Positioning of Oman compared with other MENA countries, 2021

10.3 The NECI: An overall view of condition for entrepreneurship

Experts were asked about their initial general impression of the average state of the context for entrepreneurship in Oman, and awarded it an average score of 4.1 points in 2021 (**Figure 10-3**), slightly below the GEM average of 4.7.

The government of Oman has implemented many initiatives and programs to promote the entrepreneurial environment. The pandemic posed many challenges to the economic climate, which have naturally had an impact on the growth of entrepreneurship, And many economies show changes in their rankings regarding entrepreneurial conditions in 2021. Nevertheless, as stated in the global entrepreneurship report 2021-2022, “Oman has a strong entrepreneurial

culture which will help generate new businesses” (p. 153). Added to that, the high intention rate of Omanis toward entrepreneurship is likely to create a strong capability for Omanis to spot opportunities and create new businesses. The sustainability of these new businesses and improving their future growth are the main challenges for policymakers. More improvements in the transition of the economy to a knowledge-based economy are highly required to support the Oman Vision 2040.

It should be noted that this is not a global ranking, since not all—or even a majority—of the economies around the world participate in the NES. In addition, caution is required when comparing these rankings with those of prior years, since the order could change simply as a result of the inclusion or exclusion of particular economies from year to year.

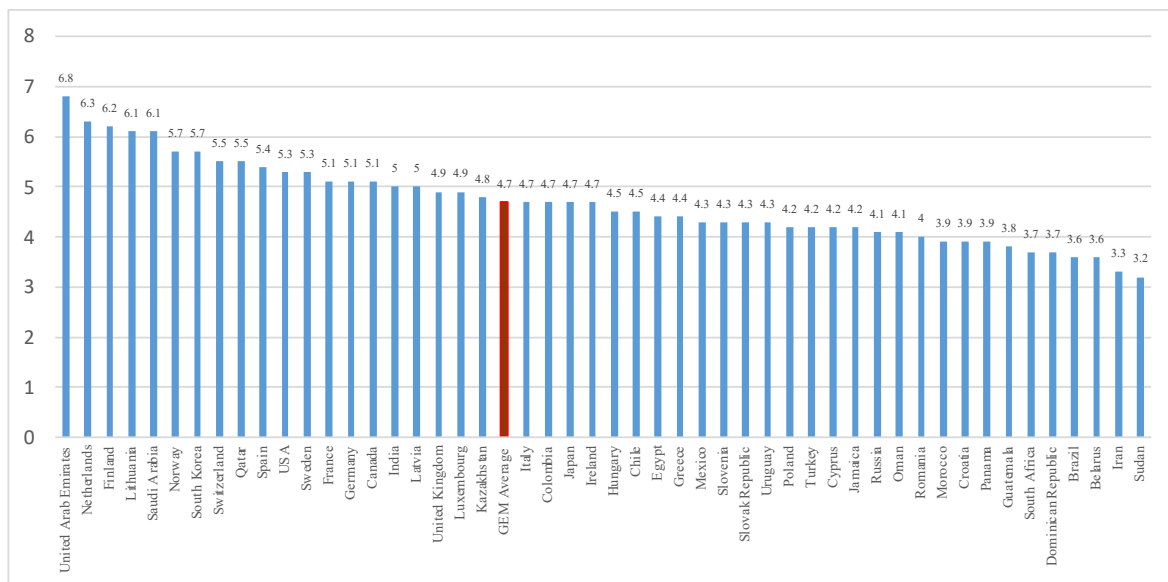


Figure 10-3: National Entrepreneurship Context Index (NECI), 2021
 Source: GEM National Expert Survey 2021

10.4 Expert comment about national conditions for entrepreneurship

As a complement, the expert questionnaire contains open-ended questions that provide information on the main constraints, supports and recommendations to improve the national entrepreneurial framework.

An analysis of the distribution of topics cited by experts in the open section (*see Table 10-3*) reveals that the four top topics cited as constraints faced

by entrepreneurs in the national context are related to: 1) government policies, 2) access to finance and government programs, 3) physical infrastructure, and 4) commercial infrastructure.

On the other hand, the experts most often identified government policies, commercial infrastructure, government support programs and financial support as enablers for entrepreneurs (*Table 10-3*). The experts' top four areas requiring recommendations for further attention were: financial support, government policies, government programs and education and training.

Table 10-3: National conditions for entrepreneurship cited by experts for improvement in Oman, 2021

National conditions for entrepreneurship cited by experts for improvement in Oman, 2021	Constraint % positive	Constraint % negative	Enabler %	Recommendation needed %
Financial support	89.3	41.4	45.5	66.7
Government policies	60.7	113.8	66.7	63.6
Government programs	28.6	41.4	45.5	63.6
Education & Training	3.6	0.0	21.2	36.4
R&D transfers	10.7	3.4	9.1	15.2
Commercial Infrastructure	3.6	17.2	57.6	27.3
Internal Market Openness	0.0	0.0	6.1	3.0
Physical Infrastructure Access	3.6	24.1	15.2	0.0
Cultural & Social Norms	3.6	6.9	12.1	9.1
Capacity for Entrepreneurship	0.0	0.0	0.0	3.0
Economic climate	17.9	6.9	0.0	0.0
Work Force Features	7.1	3.4	3.0	3.0
Perceived Population Composition	3.6	0.0	0.0	0.0
Political, Institutional and Social Context	3.6	6.9	9.1	6.1
Economic Crisis	3.6	0.0	0.0	0.0
Corruption	0.0	0.0	0.0	0.0
Different performing of small, medium and large companies	0.0	0.0	3.0	0.0
Internationalization	0.0	0.0	0.0	0.0
Labor costs, access and regulation	0.0	6.9	0.0	3.0
Information: all responses related to this issue	0.0	0.0	3.0	0.0

A Success Story



by Anwar bint Suleiman bin Saeed Al-Shiblih, owner of Al-Sadaa organization, a handicraft institution interested in the production of handmade textiles.

I started my journey in the craft industry in 2014 after I joined the Textile and Embroidery Training and Production Center in the Wilayat of Samail. The beginnings were very difficult because it was something new for me. Thankfully, within

two years, I was able to learn the basics of manual weaving and produce a wide range of craft products. The training lasted for 5 years, and after graduation I was keen to establish a craft institution that cares and produces high quality Omani handmade textiles. I looked to obtain a certified trainer certificate, and today I am a certified trainer in the handicraft industry. I seek to expand the institution and become an Omani company that produces handmade textiles and exports them abroad.



Chapter

11

Entrepreneurship and Sustainability

In 2021, GEM measured for the first time the degree of knowledge and fulfillment of entrepreneurs concerning some key aspects of the Sustainable Development Goals (SDGs). In a context in which climate change and disease are clearly showing their impact, it is desirable

that entrepreneurs acquire sensitivity about the actions they can take to conduct their business in a sustainable way and, once they reach the established stage, follow adequate guidelines to grow in a sustainable and respectful way with the planet.



11.1 Social and environmental Sustainability

The key findings from Oman GEM data (2021) reveals that the degree to which Omanis take

into account the social and environmental implications of making business decisions about the future is overwhelmingly high at over 77% for all entrepreneurial activities (*see Figure 11-1 and Figure 11-2*).

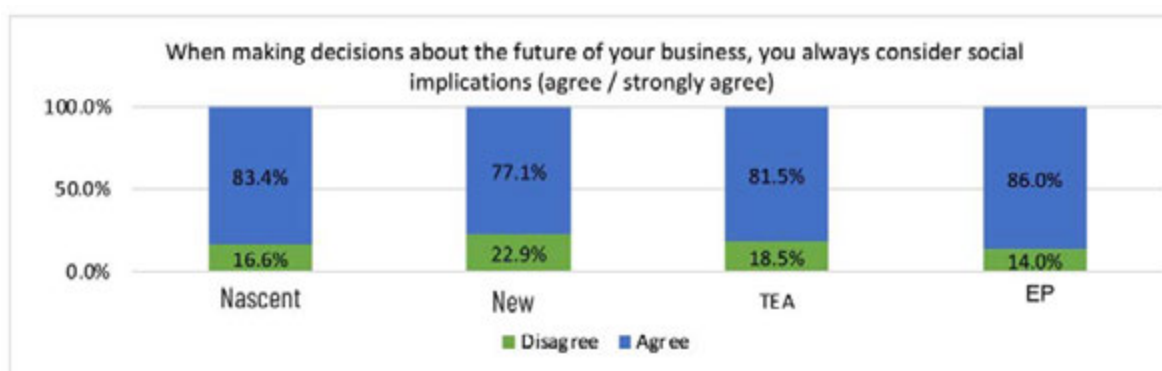


Figure 11-1: Entrepreneurs considering social implications of business decisions, 2021

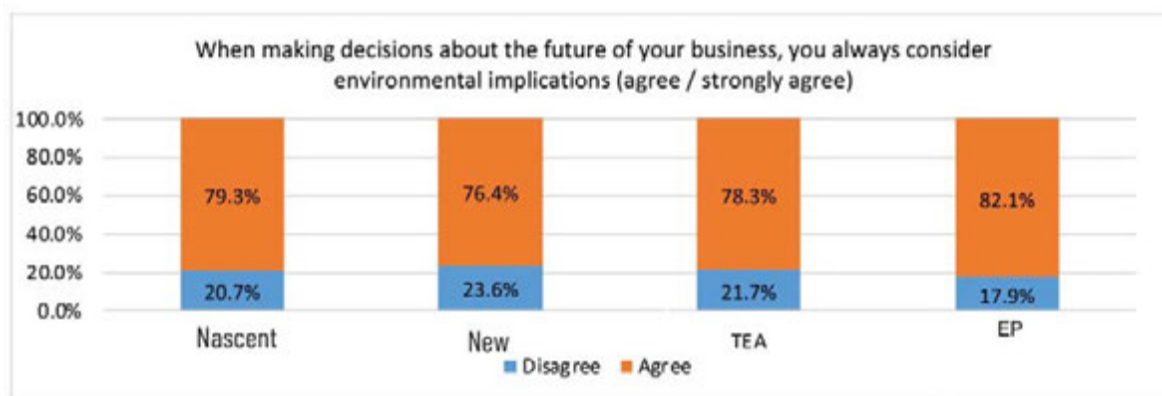


Figure 11-2: Entrepreneurs considering environmental implications of business decisions, 2021

Although the proportion of entrepreneurs of all stages who claim to put the social and environmental impact of their business above profit and/or growth is very high, between

31% and around 44% of cases do not do so, especially among established businesses (*see Figure 11-3*).

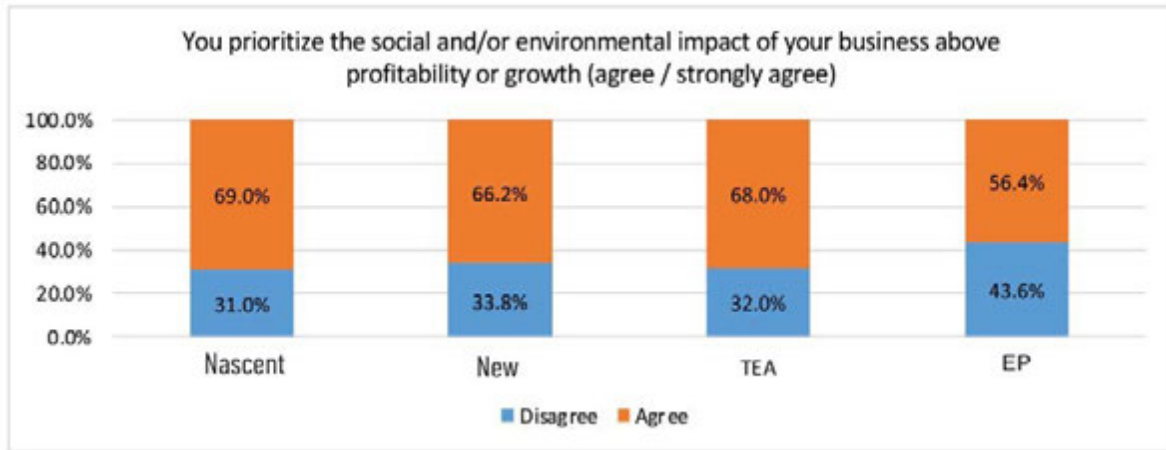


Figure 11-3: Entrepreneurs prioritizing social and/or environmental impact of businesses, 2021

Figure 11-4 shows that although there are hardly any differences between entrepreneurs at all stages, it is noted that the established ones in approximately 57% of cases have taken steps

to minimize the environmental impact of their businesses, whereas the other stages reach around 48%.

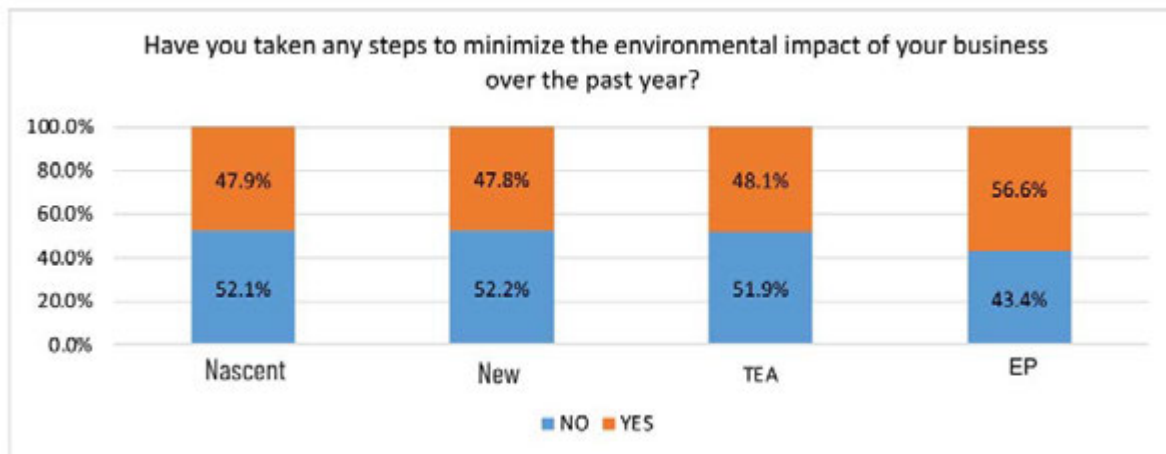


Figure 11-4: Entrepreneurs taking steps to minimize environmental impact of businesses, 2021



Figure 11-5 shows that new entrepreneurs stand out as those with the higher proportions of cases that have taken steps to maximize the social

impact of their businesses, while the early ones reach only 44.8% as maximum, and established ones only 39.6 %.

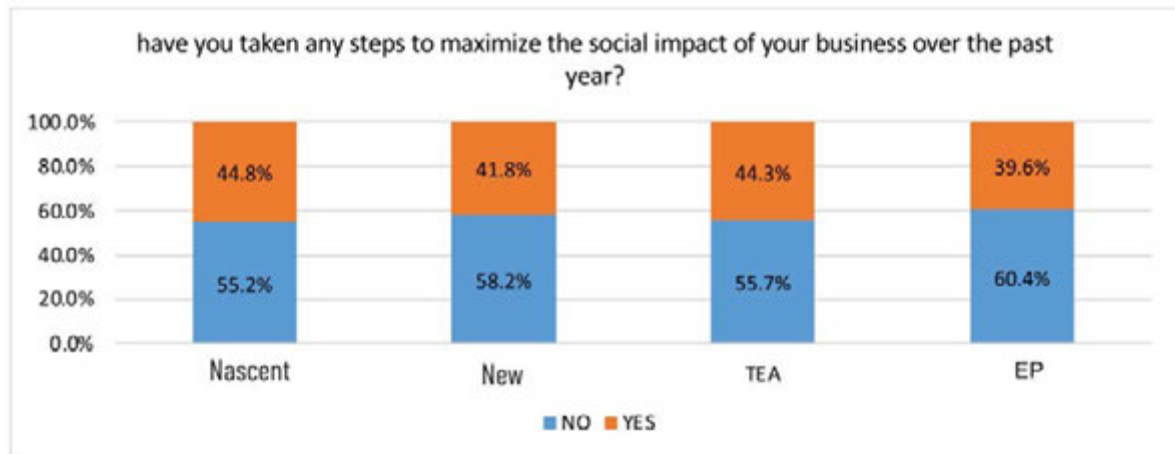
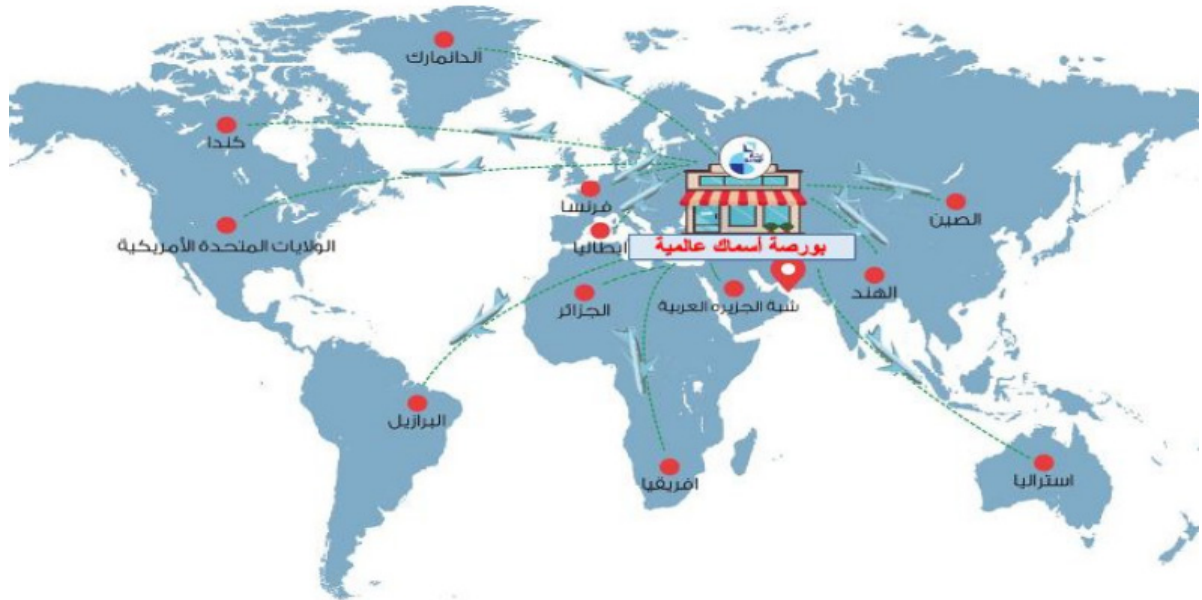


Figure 11-5: Entrepreneurs taking steps to maximize social impact of businesses, 2021

These figures indicate that entrepreneurial business activities in Oman have taken some actions related to the impact of entrepreneurship on the Sustainable Development Goals as proposed by the United Nations. The main objective of these Sustainable Development Goals is the “transformation of business as-usual, in the

interests of preserving the planet and assuring well-being for present and future generations” (Global GEM Report 2021–2022, p. 9). Entrepreneurs in Oman have considered the importance of the “sustainability” concept and are trying to reduce the impact of their business on the environment and maximize the social impact.

A Success Story



Behar

Behar marketing platform is the first electronic platform serving the fisheries sector in Oman in the field of regulating and marketing in both local and international markets.



Chapter

12

**Conclusions and
Recommendation**

12.1 Conclusions

Entrepreneurship activity in Oman was lower in 2021 than in the previous year. The early-stage entrepreneurship activity (TEA) was down to around 3%, and established business ownership maintained the high level reached in 2020, a 40% increase from 2019. The entrepreneurs and established business owners were introducing innovative products and services into Oman society, where they created jobs and aspired to create more jobs in the next five years. Fostering entrepreneurial awareness and positive attitudes toward entrepreneurship is high on Oman's policy agenda with over 70% of adults showing positive attitudes toward entrepreneurship. Around half of the adults stated that they intend to start a business in the next three years.

The GEM survey was administered in the summer of 2021 (during the second or third wave of the pandemic), when only 47% of survey respondents in Oman stated that their household income had decreased, and 14% knew at least one person who had closed a business because of the pandemic. The entrepreneurs and business owners thought it was difficult for them to start a business compared to a year before, and some reported lower future employment projections and have stopped some of their core business activities. Among those who exited or closed their businesses, around 44% cited the pandemic as the main reason. In response to the pandemic, some of the entrepreneurs and business owners have moved to digital technology to sell products or services, and some of them are expected to use

more digital technology in the next six months.

On the other hand, over 65% of the adults perceived opportunities in Oman to start a business and the perception of capabilities was higher than fear of failure.

The gender gap narrowed between female and male entrepreneurs resulting from the continual efforts to support female entrepreneurs in Oman.

Entrepreneurs largely declared a conscious focus on ensuring the growth and sustainability of their businesses, as shown in the past 2 years.

The role of informal investments in starting a new business in Oman is encouraging as it reflects the high level of available resources. The most common relationships were the traditional ones with close family members, especially in the early stages of their business.

Conditions for entrepreneurship ratings are below average compared to the previous two years. The internal market dynamic entry regulation condition scores the highest, and entrepreneurship education at the school level is scored low by national experts. Meanwhile, industry diversity needs to be strengthened the most to foster entrepreneurship activity, while developing the technology sector and facilitating international trade will drive Omani business toward global competitiveness.

Finally, a high percentage of the early-stage entrepreneurs and established business owners stated they take into consideration social and environmental implications when making decisions about the future of their businesses.

12.2 GEM Oman 2021-2022 Recommendations for Policy and Practice

The authors' recommendations for policy and practice are discussed next.

Entrepreneurial activity

2021 reported higher entrepreneurial activity than in 2019 with a small difference. However, despite entrepreneurs' perceptions of self-confidence in their skills and abilities and other factors, many were constrained by the difficulty of starting a business. Thus, the government should improve and reform the policies and regulations that influence the ease of doing business.

Entrepreneurial Ecosystem

Oman has a strong entrepreneurial culture that will enable Omanis to spot opportunities and create new businesses. The transformation of a new business into an established one is very important to the country as it brings sustainability and can create a stable income and provide jobs to its citizens. However, the sustainability of the new businesses and the prospect for their future growth are the main challenges faced by policymakers. The government should strengthen their transition toward greater dependence on knowledge, information, and high skill levels, and entrepreneurs' increasing need for ready access to all of these by providing better conditions for them to sustain a venture and to enable it to become an established business.

Women entrepreneurs

The gender gap in women's entrepreneurship in early-stage businesses is much smaller than in established businesses. Indeed, the awareness

of the importance of women entrepreneurs is increasing, but in Oman they are concentrated in wholesale and retail trade with less or no participation in the ICT sector. Despite the government's strong support for technology-based start-ups and projects, the probability of having women entrepreneurs in these sectors is low. Moreover, women working on entrepreneurial projects receive less support, as shown in this report. The government should consider ways to support women entrepreneurs in their efforts to scale up their businesses for the benefit of the local communities and the national economy.

Innovation-based business and gazelles

Innovation-based businesses and gazelles have created a greater share of new jobs and economic benefits. The main social significance of these enterprises is their contribution to the change toward sustainable growth of the enterprise and the society. The government should provide funds or grants to enable these two types of enterprises to import new technologies and fund new business development.

Fear of failure and resilience

The COVID-19 pandemic's second (and third) waves have tested the resilience of Oman's diversification and investment development plans, but at the same time, they highlighted the robustness of its society and the strength of what is perhaps the country's most important asset – its entrepreneurial activity. The government should continue to support entrepreneurs and encourage them through entrepreneurial success stories and implementing risk-mitigating initiatives that reduce real and perceived impediments to startups.

Informal investment, equity funding, and business angels

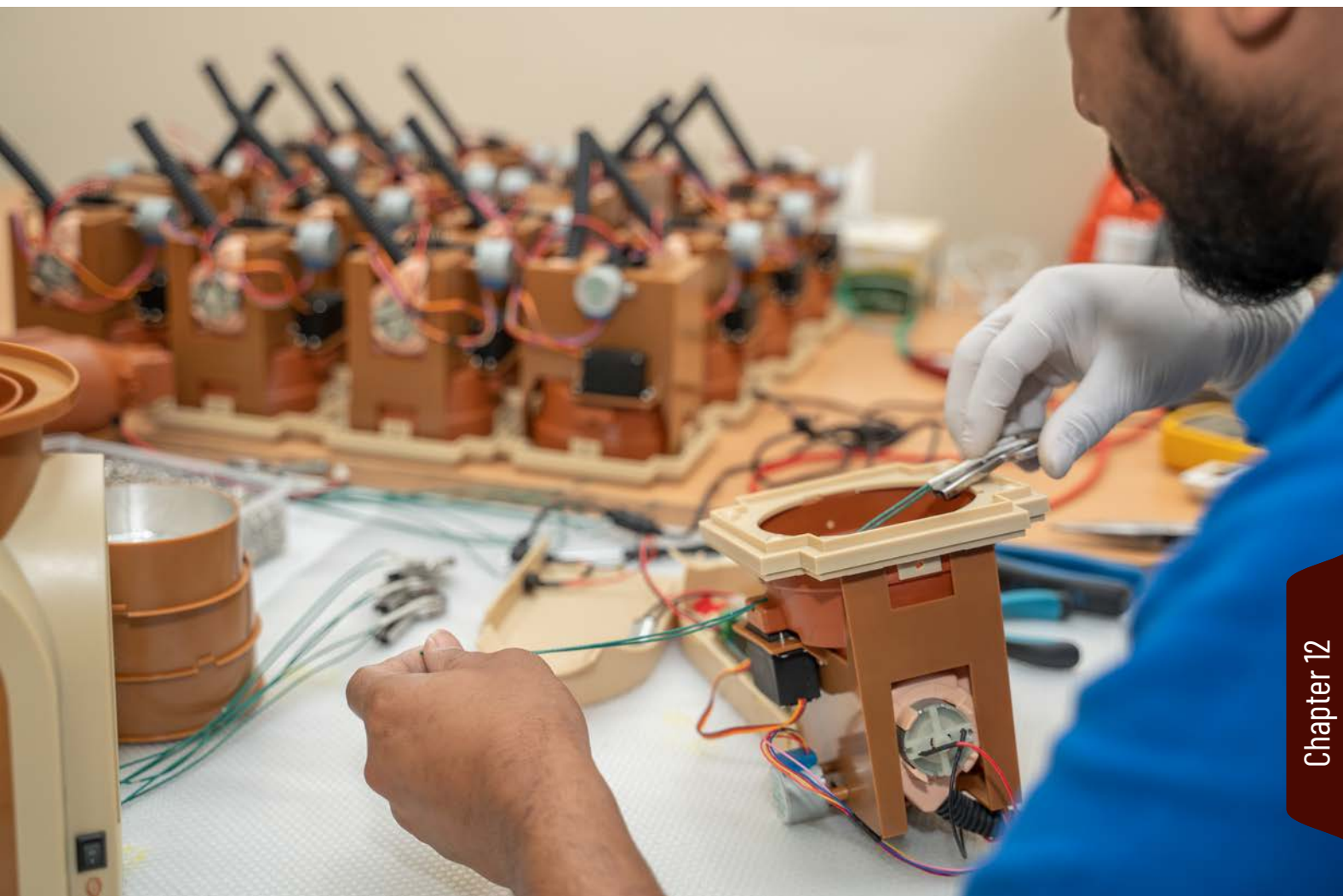
Financing the entrepreneurial ecosystem in Oman depends mainly on informal family investments. The focus of their investments should be to allow and enhance their internationalization at the growing stage of the company. This, in turn, creates a greater impact on the local economy and society. Promoting venture capital from multiple sources of funding for different entrepreneurial investment needs would be an important step for the country to take.

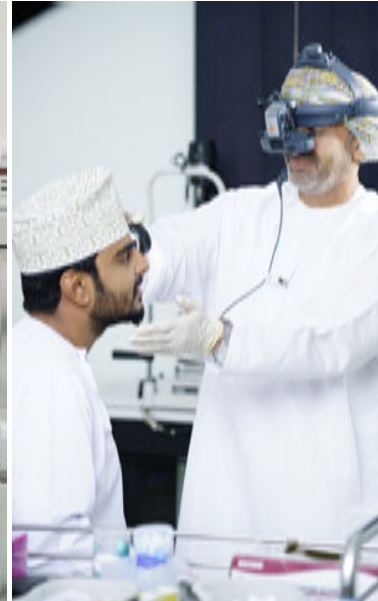
Entrepreneurship education

Finally, the government should provide sufficient entrepreneurship education for children and youths at the primary and secondary school levels to help them understand the concept. Outside the classrooms, students could undergo practical

and interactive business and entrepreneurship training programs to fill the gap in the knowledge required and further encourage entrepreneurship as a career path for them.

Entrepreneurship programs and courses must be regularly assessed to continually improve them by considering changes occurring in the environment as well as from new information obtained from research findings. Teachers must also be well trained in entrepreneurship. Inviting successful young entrepreneurs to participate in the educational program can enhance the social norm as well as the entrepreneurial intention. Experiential learning through internships in startups or SMEs should be provided to students who are interested in entrepreneurship. This approach would support students in applying their knowledge and conceptual understanding to real-world problems or situations.





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