GEM

2021

Sultanate of Oman

Global Entrepreneurship Monitor

National Report

جامعة نزوى
University of Nizwa

هيئة تنمية المؤسسات الصغيرة والمتوسطة
SMEs Development Authority

مركز ريادة الأعمال
Entrepreneurship Center

Sultanate of Oman

Global Entrepreneurship Monitor

National Report

2020-2021

جامعة نزوى
University of Nizwa

هيئة تنمية المؤسسات الصغيرة والمتوسطة
SMEs Development Authority

مركز ريادة الأعمال
Entrepreneurship Center

“On top of our national priority is the education sector, with all its types and levels.

It will receive full attention, and it will be provided with the supporting environment which motivates research and innovation”.

His Majesty
Sultan Haitham bin Tarik Al Said

His Majesty

Sultan Haitham bin Tarik Al Said

Authors

1. Abdullah Al Shukaili, Ph.D. ***Executive Director***, University of Nizwa, Entrepreneurship Center; Assistant Professor at the Management Department, College of Economics, Management and Information Systems (CEMIS) (Oman GEM Project Team Leader).
2. Norizan Mohd Kassim, Ph.D. ***Assistant Dean***, Graduate Studies and Research; Professor of Marketing, CEMIS (Oman GEM Project Technical Director).
3. Kawther Al Kindi, ***Assistant Researcher*** at the University of Nizwa Entrepreneurship Center; instructor at the Management Department, CEMIS (Oman GEM Member).
4. Issa Al Shabibi, Ph.D. Director of upgrade program, Ministry of Higher Education, Research and Innovation.
5. Rashid Al Mtani, Ph.D. ***Assistant Dean*** for Academic Affairs and Research; Assistant Professor, Entrepreneurship & Innovation, University of Technology and Applied Sciences.
6. Swadhin Mondal, Ph.D. ***Assistant Professor*** of Economics, CEMIS (Oman GEM Member).
7. Abrar Al Alawi, ***Researcher & MBA Student*** , University of Nizwa, Entrepreneurship Center.
8. Bushra Mohammed Al Hasani, MSc Marketing, ***Acting Assistant Manager*** of Investment for SMEs Department, SMEs Development Authority.

To cite this report: *Al Shukaili, A., Kassim, N., Al Kindi, K., Alshabibi, I., Almtani, R., Mondal, S., Al Alawi, A., & Al Hasani , B. (2021). Global Entrepreneurship Monitor: Oman National Report 2020/2021. Global Entrepreneurship Monitor. www.gemconsortuim.org*

Sponsors

- *GEM Oman Sponsor and leading institution:* University of Nizwa.
- *Partner Sponsor:* Small and Medium Enterprises Development Authority.

Technical Support

1. Bader Al Suleimani, *Director*, External Relation Office, University of Nizwa.
2. Mohammed AL Maawaly, Administrative Director, Entrepreneurship Center, University of Nizwa

Designing & Typesetting

- Syed Mohammad Sarfaraz Hamid, *Designer*, Natural and Medical Sciences Research Center (NMSRC), University of Nizwa.

Published by the Entrepreneurship Center at University of Nizwa.

**Disclaimer: This report is prepared based on the data collected by the GEM Consortium and the GEM Oman Team; therefore, the analysis and interpretation of the data are at the authors discretion.*

Acknowledgments

First and foremost, we would like to express our sincere gratitude and praises to the Almighty Allah for his blessings that have enabled us to successfully completed the 2nd cycle of this Oman GEM project. We would like to express our sincere thanks to the Chancellor of the University of Nizwa, Professor Dr. Ahmed bin Khalfan Al Rawahi, for giving us the opportunity to continue with the 2nd cycle of the project, on behalf of the institution. His dynamism, vision, sincerity and motivation have deeply inspired us.

We are extremely grateful to the SMEs Development Authority for their financial support and encouragement throughout this project and to all institutions. We are also grateful to the GEM project's coordination team, particularly to Prof. Alicia Coduras, Mr. Forrest Wright, and Mr. Jonathan Carmona.
We are extending our thanks to the teams who collected data for this project, the APS survey and the National Experts (NES) and the participants for the households and experts. Finally, our thanks go to all the people who have directly or indirectly supported us in completing this project.

Foreword

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

"

The observer of the growth of sectors that drive economies in various parts of the world, throughout history, will easily realize the essential and vital role of entrepreneurs in the emergence, as well as the growth of the other active and dynamic sectors of such economies.

They will also see closely how many economic sectors have developed from an individual entrepreneurial experience, to trigger a general trend that goes beyond the small community in which that experience was launched as well as the borders of that country, to reach the region and the whole world.

In the same context, the role of entrepreneurship is growing due to the diversity of ideas, fields, technical richness and innovations that are generated by creativity and continuous research. These are essentially solutions to challenges and problems that groups of people have looked for. Thus, as economists say, "demand" requires "supply", and hence the entrepreneurial initiative comes to address that demand.

The more the environment is conducive to entrepreneurship, the greater the chances of success for entrepreneurial initiatives. This will create inter-related production and marketing growth that may generate an entire economic sector. Moreover, there is no doubt that growth of the entrepreneurial sector yields important benefits to entrepreneurial individuals, as well as to the economy as a whole, At least, it will lead to renewed creation of rewarding job opportunities.

In order for this track to reach its destination, it is necessary to adopt policies that stimulate entrepreneurial activities, reduce risks of failure and enhance required confidence.

And for these policies to achieve the desired results, it is essential to conduct research as well as an accurate and impartial monitoring of inputs and outputs of this sector, and constantly identify the challenges and drivers of its growth.

Believing in the importance of this role, and to actively contribute to the growth of this sector, as well as support those in charge, and drive the sector to higher levels of achievement, the University of Nizwa established the Entrepreneurship Center that aspires to be a hub of research, education and services that support this sector with sound solutions based on research results.

The Center shall also spread awareness of entrepreneurial thought and practice among youngsters and youth. In order to provide quality research in this important sector, based on

globally accepted indicators, and to adopt best practices, the Center joined the Global Entrepreneurship Monitor (GEM). Since its first launching in 2019, this second national report comes as an indicator of the importance of this trend and its relentless pursuit to monitor all relevant indicators that are shaping the ecosystem in this vital sector.

It is an honor to present this National Report of the Omani Entrepreneurship sector as part of the Global Entrepreneurship Monitor. The results presented in this report, will certainly enhance the growth of the sector in the Sultanate, and promote its strength and growth.

Finally, I would like to take this opportunity to thank the creators of this sector: the entrepreneurs, and the supporting institutions for this cooperation with the National Research Team. Our thanks are due to the Authority for Small and Medium Enterprise Development for their support. We hope that the findings presented in this report will contribute to the adoption of more policies and incentives that motivate further growth of this sector.

جامعة نزوى
University of Nizwa

Note from the SMEs Development Authority

"

The Small and Medium Enterprises Development Authority established under the Royal Decree number 107/2020 issued on August 2020 that the allocations, rights, obligations and assets that turned out for each of Authority of Small and Medium Enterprises Development, Al Raffd Fund previously and Public Authority for Craft Industries previously in order for the authority to continue supporting the small and medium enterprises and artisanal in the Sultanate and activate the authority's competencies to achieve the future Oman Vision 2040.

Since the authority's launching, it takes over continuing the efforts to brighten the small and medium enterprises sector's future in the Sultanate, thus, it adopted the latest policies and strategies designed to achieve innovative and creative sustainable development objectives as participatory approach with all parties related to the authority which will be fully integrated with different economic sectors toward achieving the authority's desired goals.

Within the framework of The Small and Medium Enterprises Development Authority's mandate in installing a culture of Entrepreneurship and developing small and medium enterprises and given the urgent need to have accurate data on this subject, it is worthwhile to cooperate with international institutions in this field, such as the Global Entrepreneurship Monitor (GEM). GEM began in 1999 as a joint project between Babson College (USA) and London Business School (UK). The consortium has become the richest resource of information on entrepreneurship, publishing a range of global, national and 'special topic' reports on an annual basis.

Therefore, it will give us a closer look at the entrepreneurship environment in the Sultanate of Oman. For instance, GEM measures and capture different elements of the entrepreneurial process, ranging from opportunity recognition, entrepreneurial intentions, to nascent entrepreneurship and important characteristics of entrepreneurial activity. Moreover, it will provide us with significant information on entrepreneurship across many countries, which will assist in shaping the government's policies and programs to support entrepreneurship in the Sultanate.

نتقدم بثقة
Moving Forward with Confidence

رؤية عُمان 2040
OmanVision

Message

Dr. Arockiasamy Soosaimanickam

Dean, College of Economics, Management, and Information Systems

"

The Global Entrepreneurship Monitor (GEM) global report states that "Most policymakers and academics agree that entrepreneurship is critical to the development and well-being of society. Entrepreneurs create jobs. They drive and shape innovation, speeding up structural changes in the economy. They contribute indirectly to productivity by introducing new competition. Entrepreneurship is thus a catalyst of economic growth and national competitiveness" (Kelley, Bosma, and Amorós, 2010).

The Entrepreneurial activities in Higher Education institutions will be vital for the development of youth to contribute to the growth of the national economy of any country. The young entrepreneurs should be motivated and guided to enrich their skills and have determination to engage in entrepreneurial activities for their personal development as well. 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 development activities. The team of faculty members and researchers are constantly involved in organizing various entrepreneurial events and activities for the development of young Omanis to be entrepreneurs.

In recent years, entrepreneurial development events have accelerated very well in the region, primarily at universities and colleges, and include training in various entrepreneurship topics and support with facilities such as incubators, mentor networks, and angel investors. The Entrepreneurial training programs at UoN focus on guiding students to prepare a business plan once the entrepreneur has conceived an idea. The more interesting and promising business ideas become a part of mentor networks and incubators.

With the continuous support from the University of Nizwa top management for entrepreneurial activities, and the support of public and private organizations, our research team was able to conduct extensive Entrepreneurship research in Oman. The GEM Research team of the College of Economics, Management and Information Systems has completed their research study for a consecutive second term and submitted a detailed report to the GEM consortium for its approval.

I congratulate the entire GEM Research team, chaired by Dr. Abdullah Al Shukaili, Executive Director, UoNEC, for their extensive study and analysis of 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) was established in the Sultanate of Oman in 2004 as a faculty governed, not-for-profit, private university. It is located 140 km from the national capital of Muscat in Nizwa. The UoN seeks to provide a progressive learning environment that is respectful of the traditions and values of the Sultanate. The UoN is now ranked as number 1 among the private universities and colleges in Oman and as number 2 nationally by the QS University Ranking of 2022. The university is also ranked by the Nature Index 2021 as number 1 in Oman in All Sciences and among the top 50 in All Sciences in the MENA Region.

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 their majors, are expected to be capable lifelong learners with skills in numeracy, communications, 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 of 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, 27 diploma programs, 2 higher diploma programs, 30 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), University of Nizwa.

nature INDEX

QS WORLD UNIVERSITY RANKINGS

MENA Region

Executive summary

Key Findings from Oman GEM report (2020-21)

The 2020-21 Global Entrepreneurship Monitor survey represents the second year in which the Oman national team has collected data for the GEM. After 2,000 telephone interviews and assessment by 36 experts, the surveys revealed entrepreneurial characteristics, attitudes, motivations, activities and aspirations, as well as adding to the report a special topic about the impact of the prolonged pandemic crisis on new businesses in 2020. The selected major findings from the report are discussed in the following subsections

COVID-19 related

This special topic study was carried out using the Global Entrepreneurship Monitor survey. The 2020 GEM surveys included specific block questions and items related to the pandemic. The estimated indicators in this section revealed that 47.6% of Omani adults agree that the pandemic has decreased household income, while 62.4% know someone who started a business, 66.5% know someone who stopped a business, and 60.1% pursued new opportunities because of the pandemic.

Societal values regarding entrepreneurship

The number of Omani adults thinking entrepreneurship is a good career choice in the Sultanate of Oman (81.4%) decreased in 2020 compared to 2019 (85.3%), nevertheless it is above the average of high-income economies (64.7%). On the other hand, the high status of successful entrepreneurs (90.2%), and media attention to entrepreneurship (89%) are both above the international average and the average for high-income economies. It seems that reports of entrepreneurs in the media are increasingly more important in Oman. Additionally, 62.3% would prefer to stay in a competitive environment, while only 49.5% of adult Omanis believe that the primary objective of a business is to solve social issues, which is slightly above the international average and the average for high-income economies.

Self-perceptions regarding entrepreneurship

The Omani adults show a higher perception of opportunities (83.8%) in 2020 than in the previous year (72.3%) with a high-level perception of start-up knowledge and skills (64.5%) compared to 2019 (56.3%). However, the fear of failure in the Sultanate of Oman is slightly higher (42.6%) than in 2019 (40.9%). In other words, a significant proportion of Omani adults sees good opportunities, but would not start a business for fear that it might fail. Additionally, 84.2% of Omani adults personally know someone who started a business recently, while the 2019 figure is 71.1%.

Phases/types of entrepreneurial activity

Most remarkably, there was an increase in the total of early-stage entrepreneurial activity (TEA) (16.3%) in 2020 compared to the previous year (7%). In 2020, 10.4% of the Omani adults started a new business of less than three months (nascent), which is more than double that in 2019 (3.9%). One possible explanation for the increase is that 63.8% of Omanis who envisioned starting a business in 2019 ended up doing so in 2020 (Bosma et al., 2021). It should be noted that the gender gap narrowed between entrepreneuring women and men last year. While a greater proportion of women (17.3%) than men (14.7%) typically engage in Total Entrepreneurial Activity (TEA) overall, the gender gap narrowed in Oman in 2019 (women 5.8%; men 8.1%). Meanwhile, 5.9% were consolidating their businesses that were older than three months but created less than 42 months previously, compared to only

7% in 2019. Only 2.5% of the adult population were owner-managers of established businesses (active in the market for more than 42 months), an increase of 25% compared to 2019 (2%); nevertheless, this is under the average for high-income economies (6.9%). In Oman, a low rate of exit and discontinuation of businesses (10.8%) in 2020 is a decrease in the 2019 figure of 15.4%. Additionally, the entrepreneurial intentions of 60.6% of Omani adults decreased in 2020 compared to 2019 (63.8%), but was above the average for high-income economies (24.3%).

Independent and sponsored entrepreneurial activity

The percentage for the Omani TEA rate of 16.3% consisted of 7.4% independent activity and 8.9% sponsored activity in business creation and development in the Sultanate of Oman for 2020. These figures have increased by 63.63% and 38.81% compared to the 2019 figures. The results show that, in the Sultanate of Oman, a significant part of entrepreneurial activity, especially at the new stage, is sponsored and not just started by an independent entrepreneur. Moreover, many government financial support programs have assisted those entrepreneurs. The established phase for independent activity is 0%, while, the sponsored activity is 2.14%. Overall, the importance of these results is to highlight the existence of these types of sponsored activities in the Sultanate of Oman.

Motivation for early-stage entrepreneurial activity

In the Sultanate of Oman, 89.8% of Omani adults involved in TEA agree with the motive "to earn a living." This motivation is more important for male entrepreneurs (91.1%) than for females (88.6%) in Oman. Similarly, of the 82.2% of Omani adults motivated "to build great wealth or very high income", 83.7% were men, and 81.0% were women. While, the motivation to continue a family tradition is considered important in Oman (48.9%), it was shared by only 50.7% of men and 47.4% of women. Of the 47.9% who aim to make a difference in the world, 54.7% are men and 42.1% are women.

Industry-sector participation

The Sultanate of Oman continues to have the highest proportion of early-stage entrepreneurs in the consumer-oriented service sector (63.9% in 2020, an increase from 51.4% in 2019) followed by transformative initiatives (24.8% in 2020, a decrease from 36.4% in 2019). Reactivation of entrepreneurship in the primary or extractive sector of 1.8% of early-stage activities increased in 2020 from 1.5%, and business services sectors of 9.5% decreased from 10.72%. Finally, the estimated participation of entrepreneurial activities in medium or high technology sectors is a promising 2.16% in 2020, an increase from 0.52%.

Job-creation projections

In the Sultanate, the percentage of those involved in TEA who are planning to create jobs and expect the number of new jobs to be 1 to 5 in the next five years, is 71.3% (an increase from 55.4% in 2019), followed by 20.2% (2019: 20.7%) for those who estimate 6 to 19 jobs, and 8.5% (2019: 23.8%) who estimate more than 20. Established owner-managers are positive and stable on an average of around 36.5% (2019: 51.3%) who estimate that they can create between 1 to 5 jobs in that period; 45.8% (2019: 25.6%) estimate 6 to 19 jobs, and 16.7% (23.1%) more than 20. Overall, in Oman the expectations of high job growth among early-stage entrepreneurs (TEA) have been quite volatile. Depending on the length and impact of the current global crisis, we can expect a further drop and will see whether this trend is cyclical or structural.

Internationalization

The Omani early-stage firms appear to have a very strong national orientation (50.9%), and 31.7% expects their revenues to come from local customers, whereas 13.7% expects them from international sources. In contrast, 1.2% of established businesses generate revenues from customers elsewhere in the country, 0.9% from the area or locally, and only 0.3% from outside the country.

Informal investment activity

The proportion of informal investors was 10.6%, a decrease in 2020 from 14.4%, and the median amount invested was OMR 550, lower than in the previous year (OMR 2,000). In 2020, 51% were close family members, while 20.5% were relatives, 19.9% friends or neighbors, 6% work colleagues, and only 2.7% strangers.

Entrepreneurial mindset

The Omani population of 18-64 years demonstrates a moderately positive entrepreneurial mindset with an average score of 3.43 points over 5, slightly higher in 2020 (2019:3.29). The rates of the four basic components of entrepreneurial mindset, namely, opportunism, proactivity, creativity and vision, are higher in 2020 than in the previous year. Within the Omani population, vision remains the most prevalent with 76.6%, slightly higher than previously (2019: 71.5%), followed by creativity 63.6% (2019: 56.7%), opportunism 49.4% (2019: 38.5%), and proactivity 48.9% (2019: 33.6%). The Omani adults continue to generate innovative business ideas or new products through novel experiences and originality. Thus, it is important to increase investment in training programs in entrepreneurship outside the traditional higher education institutions as they are still lacking in opportunism and proactivity elements to enable them to transform these ideas into effective entrepreneurial activity. Overall, the four basic components of the entrepreneurial mindset have a positive impact in the Omani population for entrepreneurship with a TEA rate of 16.3% for Oman in 2020.

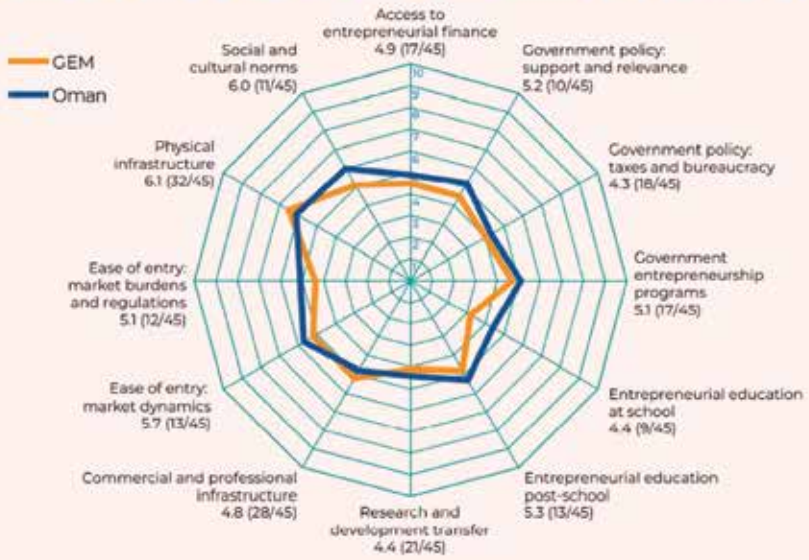
Entrepreneurship framework conditions

The Sultanate of Oman stands 13th in the National Entrepreneurship Context Index (NECI) with a score of 5.1 in 2020 compared to 4.61 in 2019, which is closest to the United States (5.15). The higher the index value, the better the assessment of the start-up-related framework conditions in the respective country. The results of all EFC ratings in 2020 are higher and in a better position among all participating countries than in the previous year. The Sultanate achieves outstanding results in government policy support and relevance (10th position), social and cultural norms (11th position), ease of entry market burdens and regulations (12th position), ease of entry market dynamic (13th position), entrepreneurial education post-school (13th position), and physical infrastructure (32nd position). The only exceptions that require attention are entrepreneurial education at the school stage, research and development (R&D) transfer, market burdens and regulations, commercial infrastructure, and government policy.

Key Findings from Global GEM Report (2020/2021) for Oman; rank in comparison to other GEM participating countries.

(source: Global Entrepreneurship Monitor 2020/2021 Global Report)

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	84.2	2
Good opportunities to start a business in my area	83.8	2
It is easy to start a business	67.8	13
Personally have the skills and knowledge	64.5	16
Fear of failure (opportunity)	42.8	20
Entrepreneurial intentions	56.5	4

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.5	27=
International (25%+ revenue)	0.4	31=
National scope (customers and products/ process)	0.7	31=
Global scope (customers and products/ process)	0.0	36=
Industry (% TEA in business services)	9.5	34

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" and "strongly decrease".*

Motivational

(somewhat or strongly agree)	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	47.9	16	42.1	54.7
Build great wealth	82.2	7	81.0	83.7
Continue family tradition	48.9	4	47.4	50.7
To earn a living	89.8	2	88.6	91.1

Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	16.0	14	17.3	14.7
Established Business Ownership rate	2.5	41=	1.6	3.4
Entrepreneurial Employee Activity	0.8	31=	0.4	1.2

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	47.6	25
Know someone who started business due to pandemic	62.4	3
Know someone who stopped business due to pandemic	66.5	3
	% TEA	**Rank/43**
Pursue new opportunities due to pandemic	60.1	6

Contents

Chapter 4: Individual Self-Perception about Entrepreneurship

Chapter 5: Entrepreneurial and Business Activity

Chapter 6: Motivation for Entrepreneurship

Chapter 7: Characteristics of Entrepreneurs

Chapter 8: Impact of Early-Stage (TEA) & Established Firms (EBs) on Economic and Social Development

Chapter 9: Informal Investment Activity

Chapter 10: Entrepreneurship Mindset

Chapter 11: The Context for Entrepreneurs: Perception of the Quality of the National Entrepreneurship Framework Conditions

Chapter 12: GEM Oman 2020-2021 Recommendations for Policy and Practice

Chapter 1.

GEM Overview

Nizwa Fort
Nizwa
Sultanate of Oman

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 London Business School and Babson College scholars (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).

In 2020, the COVID-19 sanitarian crisis triggered a delicate situation around the world. Aware of the need for data to analyze the impact of this unprecedented crisis on the economy in general and on entrepreneurship in particular, forty-three economies of all sizes, income levels, and stages of development participated in the GEM research this year[1] . The year 2020, is the second year of participation for the GEM Oman project. The purpose of 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, international organizations (such as the World Bank, United Nations, World Economic Forum, European Commission, and Organization for Economic Co-operation and Development) and other entities.

[1] *43 economies provided APS data and 44 provided NES data.*

1.2 The GEM methodology

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

- The APS
- The 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.

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 2020—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 own and manage 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 because of their expertise and knowledge about the conditions considered to be most representative of the context for entrepreneurship, 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 is an exceptional year 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 designed to capture the impact of these effects in the participating countries in its information tools.

The 2020 GEM surveys included specific block questions and items related to the pandemic, such as:

- APS: questions to estimate the proportion of new activities pushed by the pandemic; questions to estimate the proportion of new initiatives delayed because of the pandemic; new opportunities brought by the pandemic; opinions about the government response to the first stages of the crisis; special financial support to owner-managers; proportion of business closures caused by the pandemic, and others.
- NES: two blocks of items to estimate, on the one hand, the average opinion on businesses reactions and transformations derived from the pandemic, and on the other hand, the average opinion about some governmental measures considered as basic to help entrepreneurs and owner-managers resist the first impacts of the economic crisis caused by the sanitarian situation and the lockdowns.

This information has no precedent and is of great value for policy makers and different stakeholders in understanding the first effects of the pandemic on the entrepreneurial and business activities in different countries and regions of the world.

1.4 The GEM conceptual framework

GEM's conceptual framework, shown in 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 to:

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

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 toward socioeconomic 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 to which entrepreneurship is considered as 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

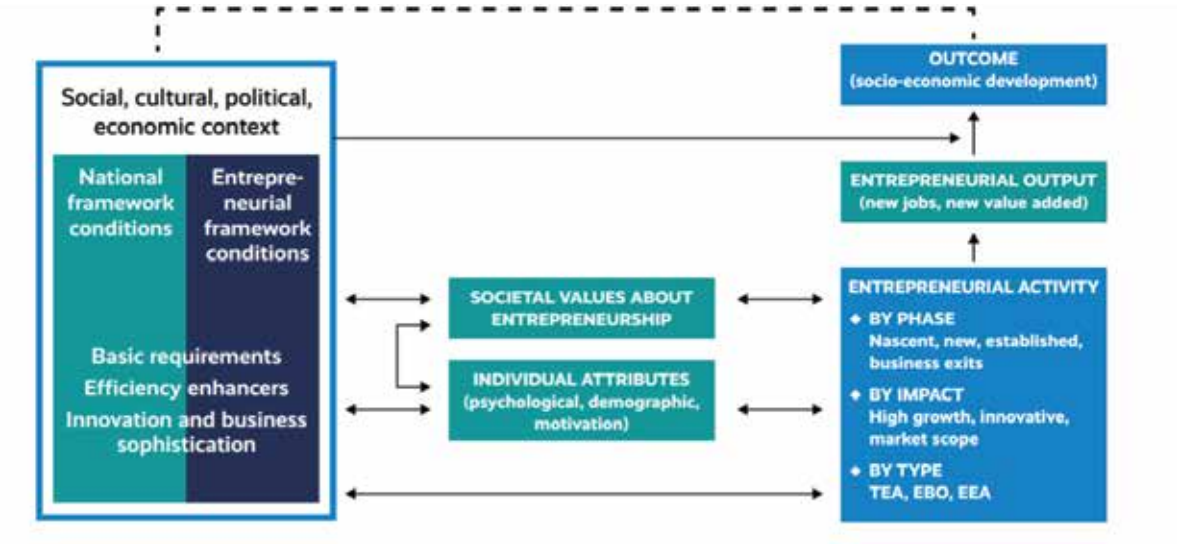


*Figure 1-1: The GEM framework**

**TEA refers to entrepreneurial activity, EBO refers to established business activity, and EEA refers to employee entrepreneurial activity. Source: GEM Global Report, 2018, 2019.*

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.

1.5 Economies participating in GEM 2020

In 2020, 43 economies participated in the GEM APS and 44 participated in the NES. These economies are shown in Table 1-1, organized into four world regions and three economic groups, which were classified by the most recent World Bank (WB) Global Economies Classification by Income level.[2]

1.6 Oman GEM Project

The Sultanate of Oman GEM team was established in May 2019 under the University of Nizwa Entrepreneurship Centre of (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 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 effectiveness and socioeconomic impact. This is the second Report created by this team.

[2]World Bank (2020). The low-income group contains both those classified by the WB as low income and lower-middle income. The middle-income group includes those which the WB places as upper middle. The largest group of GEM economies are those that the WB classifies as high income.

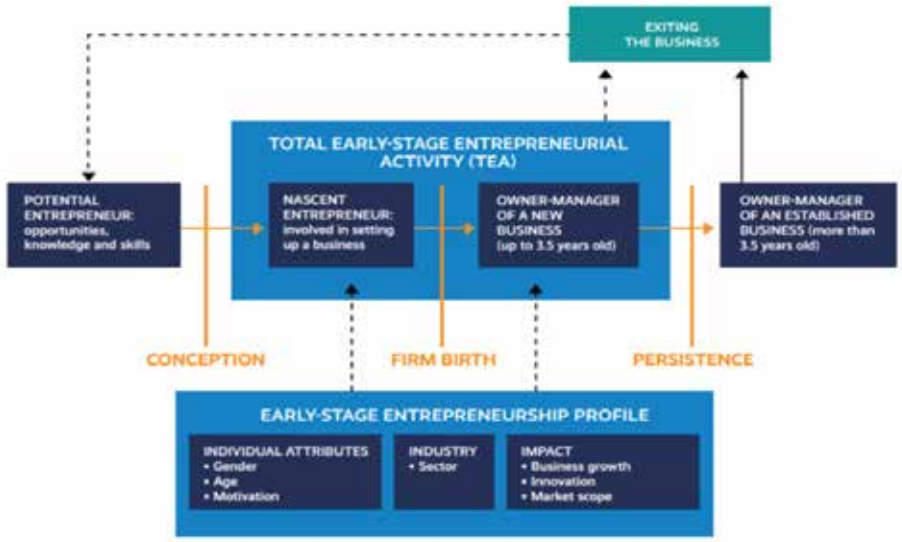


Figure 1-2: Entrepreneurial phases and GEM entrepreneurship indicators

Source: GEM Global Report, 2019

Oman's economic transition is driven by innovation and 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 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 involvements in small and medium enterprises.

Indeed, it is very important for the team to support Oman's economic transition by promoting evidence-based policies towards entrepreneurship around the world. 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. Through this project, it will also help to identify problems (including solutions) and success factors from the member countries that have experienced a similar transition. Last but not least, supporting entrepreneurship and innovation are important keys to Oman's future, and Oman will need action to enhance and stimulate its economic growth and maintain economic stability during the coming decade.

Therefore, this report highlights the results for the 2020 GEM surveys in Oman, offering a detailed picture of Oman's entrepreneurship profile. Comparisons are made with results from other countries in the region.

Table 1-1: Economies participating in the 2020 GEM survey, grouped by geographic region and income level (WB)

Economic development level	Low income	Middle income	High income
Middle East and Africa	Angola	Iran	Kuwait
	Burkina Faso		Oman
	Togo		Qatar
	Egypt		Saudi Arabia
	Morocco		United Arab Emirates
			South Korea
Central and East Asia	India	Kazakhstan	Taiwan
		Indonesia	Chile
Latin America and the Caribbean		Brazil	Panama
		Colombia	Puerto Rico*
		Guatemala	Uruguay
		Mexico*	Austria
Europe and Northern America		Russia	Canada
			Croatia
			Cyprus
			Germany
			Greece
			Italy
			Latvia
			Luxembourg
			Netherlands
			Norway
			Poland
			Slovakia
			Slovenia
			Spain
			Sweden
			Switzerland
			United Kingdom
			United States

** Countries that only completed the NES*

A Successful Story: OTaxi

Otaxi is an application in mobile phones that allows you to get a taxi anywhere you want, saving you the trouble of waiting and standing on the road under the sun. The application can be downloaded from the virtual markets for applications (google play & iTunes). Otaxi app automatically determines the location of the customer and the location of the taxi owner (with location tracking system).

Otaxi has succeeded in changing the scene of individual transportation in the Sultanate from an unregulated market, and changing prices, to an organized service that includes fixed prices before beginning of the trip, arriving to the customer on time, comfortable and easy transportation. To the extent that citizens and residents dispense their private cars for transportation and use Otaxi service for its ease and convenience as a value-added service for the customer

chapter

2.

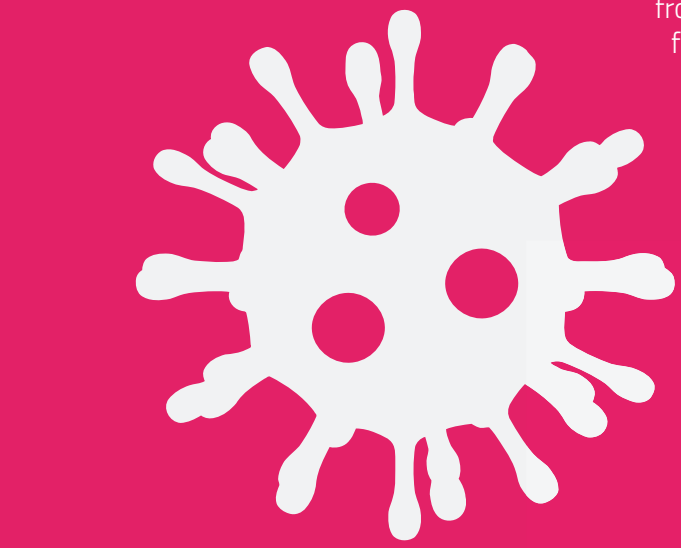
Impact of COVID-19

Port Sultan Qaboos
Muscat
Sultanate of Oman

2.1 Introduction

In late 2019, the novel outbreak of severe acute respiratory syndrome, coronavirus (COVID-19), caused a pandemic crisis that affected the public health conditions all over the world. The global COVID-19 epidemic propagation forced a set of restriction policies and regulations by countries' governments including city lockdowns, movement prohibition, and social distancing (Brown & Rocha, 2020). Thus, the COVID-19 pandemic constituted several unexpected social and economic challenges that impacted overall conditions significantly. Consequently, the viral infection imposed a pressure on the nations' economies and caused dramatic unpredictable consequences on social environments, resulting in changes to political regulations (Fairlie, 2020; Maritz et al., 2020). Given the current circumstances, further changes in the following years are expected especially in individuals' behavior, institutional work structure, and models of entrepreneurial ventures. Thereby, new potential opportunities will simultaneously emerge for entrepreneurs, which can contribute to enhancing the entrepreneurship sector ecosystem development and innovation inducement (Ratten, 2020; Ratten & Jones, 2021).

Given the objective of investigating public reactions to the COVID-19 epidemic spread, GEM aims to collect data basically focused on businesses that have both started and closed as a result of the crisis. The GEM Global Report shows that the rate of Oman's Total early-stage Entrepreneurial Activity (TEA) more than doubled between 2019 and 2020, going from 6.7% to 16%, the largest ratio of increase for all GEM economies. There could be many explanations for this, including that a significant portion of Omanis who intended to start a business in previous years (in 2019 it was 63%) ended up

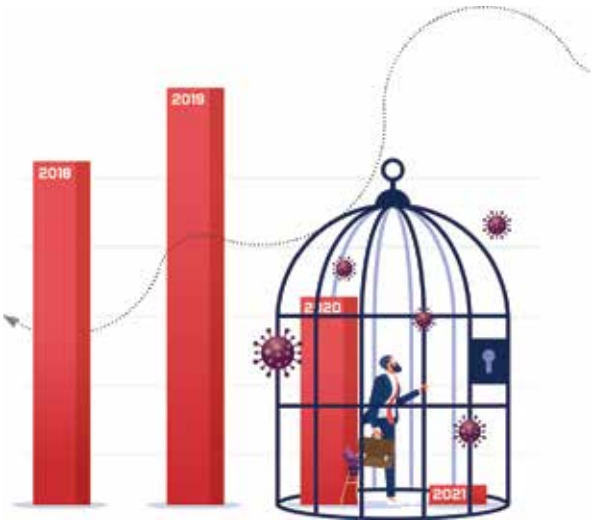


doing so in 2020 (Bosma et al., 2021). 21).

Similarly, GEM collected data on the influence of the epidemic on the ease and speed of establishing new business enterprise, the expected business growth, and its impact on business venture closing, as well as other related aspects.

2.2 How many businesses started and stopped because of COVID-19?

The worldwide COVID-19 pandemic and the forced governmental policies and regulations resulted in movement lock down and imposed social distancing (Brown & Rocha, 2020; Giones et al., 2020). Moreover, the business environment was affected by the rapid changes and uncertain conditions. This caused several initiations of business enterprises as well as enterprises closures (Fairlie, 2020; Maritz et al., 2020). However, Omanis were asked about their perception regarding business startup and or business closure due to the epidemic crisis.



The results shows in Figure 2-1, that the majority of respondents (66.5%) know at least one person who stopped managing or owning an enterprise, while 62.4% know at least one person who initiated a new business. Notably, the number of respondents who know at least two persons who started new businesses amid the pandemic is slightly lower than those who know of closures, with 45.5% and 49.2% respectively. The results are presented in the follow Figure 2-2 and Figure 2-3.

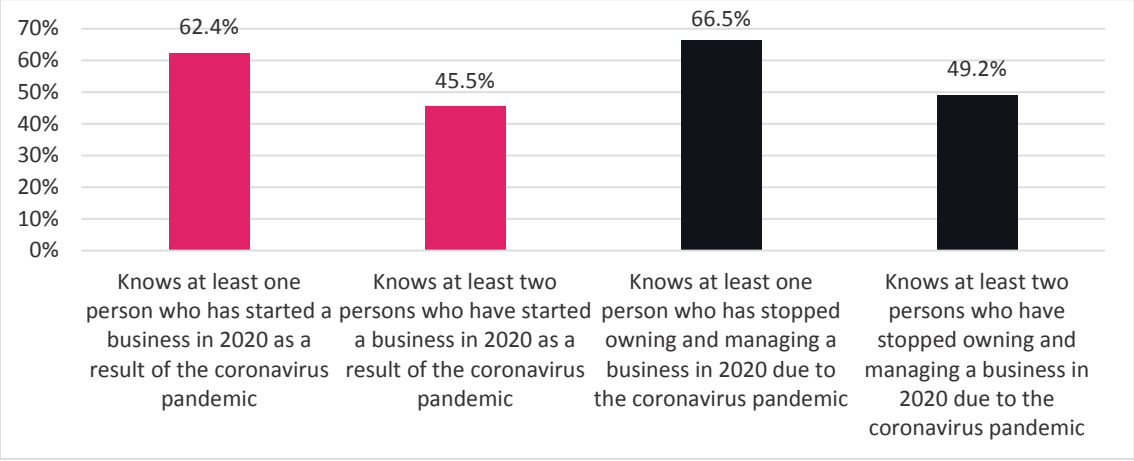


Figure 2-1: Informal perception of the Omani adult population on businesses starting and stopping because of COVID-19

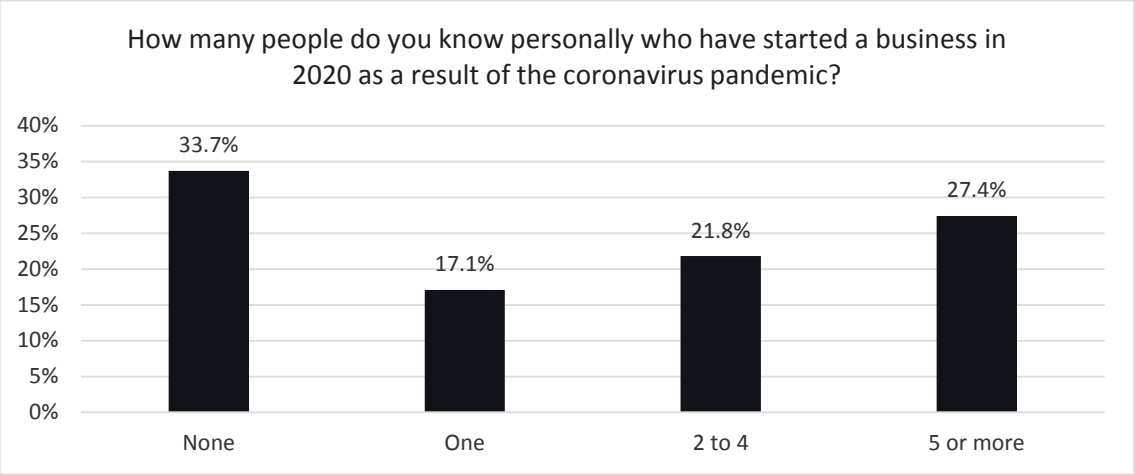


Figure 2-2: Informal perception of the Omani adult population on businesses starting because of COVID-19

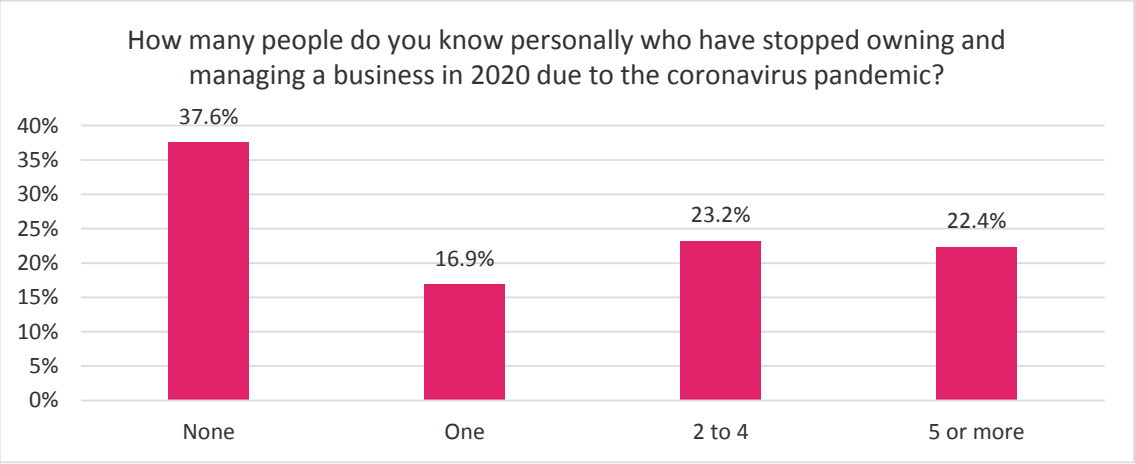


Figure 2-3: Informal perception of the Omani adult population on businesses stopping because of COVID-19

2.3 Impact on household income

COVID-19 prevalence in most countries was sought as an influential factor that affected the income status of the public (Brown & Cowling, 2021; Hossain, 2021). More specifically, many countries recorded a notable change in household income that remarkably affected the marketplace activities (Estrin et al., 2016; Hessels et al., 2016; Santos et al., 2020). In the case of Oman, it is surprising that most of the household adult population report no substantial change in their income level in 2020 despite the pandemic (50.4%), whereas 15.9% experienced a significant decrease in their income, and 31.5% experienced a slight reduction in their income. On the other hand, an increase in income status is only recorded by 2.2% of the household in Oman. The results are illustrated in figure 2-4.

2.4 Difficulty starting compared to one year ago

Entrepreneurship market entrance amid the wide COVID-19 prevalence was constrained by multiple challenges (Fairlie, 2020; Maritz et al., 2020). The level of difficulties in starting new

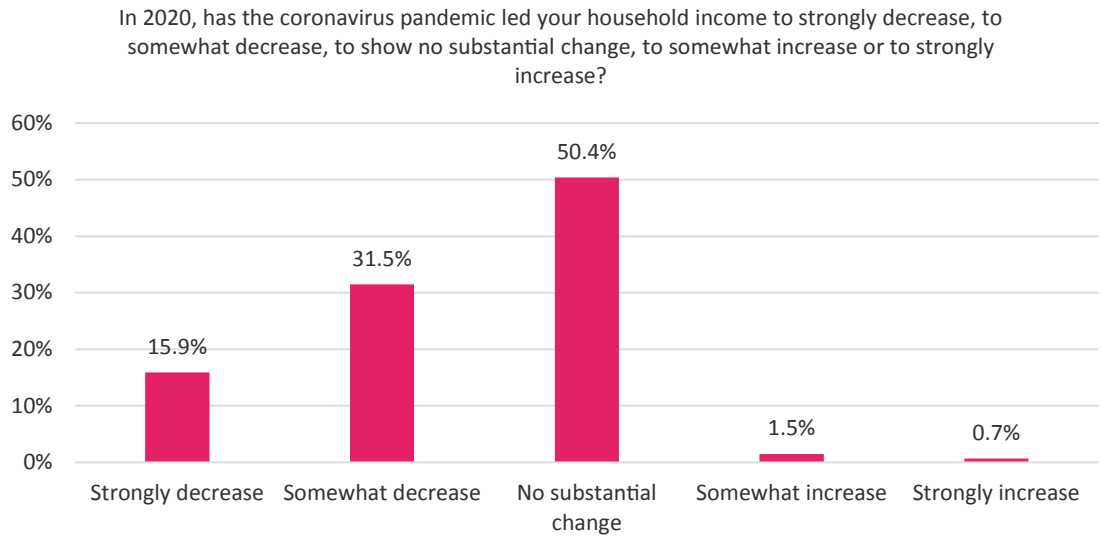


Figure 2-4: Impact of the coronavirus pandemic on household income

business enterprises varies between different business activity types, such as early stage entrepreneurs (TEA) and established business (Ben Hassen, 2020; Brown & Rocha, 2020; Coduras et al., 2016; Figueiredo & Paiva, 2019). Therefore, both TEA and established business owners and/or managers were asked about the difficulty of starting new business in 2020 as compared to the previous year. Although it is mentioned that the percentage of TEA in Oman has been increased to double compared with 2019, the results shows that more than half (52.7%) of early stage entrepreneurs (TEA) view that starting new business in 2020 was somewhat or much more difficult when compared to the previous year. Whereas, owners and managers of established business showed lower results with 46.7% who faced somewhat or much more difficulty in starting new business compared to one year ago. Thus, the revealed results demonstrate significant variance between the two examined groups even under the same circumstance of pandemic prevalence, as TEA entrepreneurs were highly affected by the pandemic crisis compared to the owners and/or managers of established business, as shown in Figure 2-5.

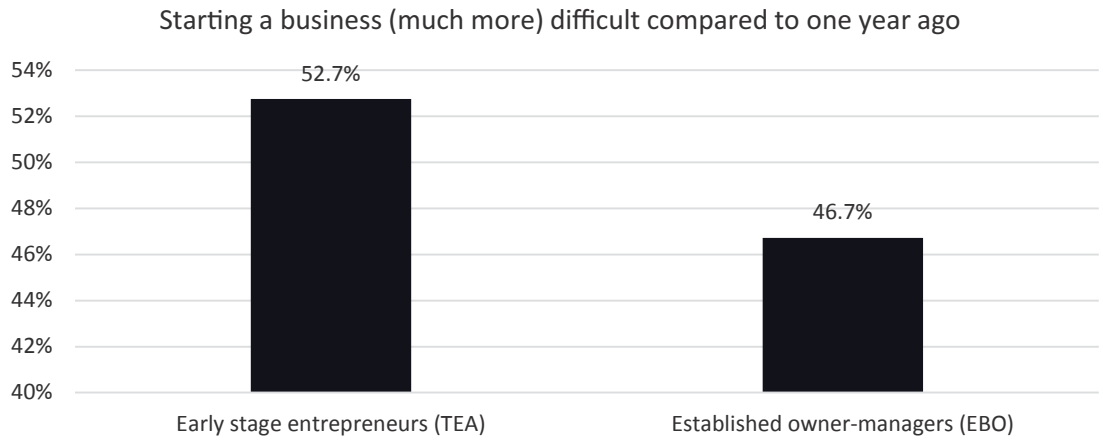


Figure 2-5: Perception on the difficulty for starting a new business compared to one year ago by stage.

2.5 Growth expectations compared to one year ago

Given the rapid change in business activities as well as fluctuation in the marketplace conditions related to entrepreneurship sector, the growth of business enterprises was also considerably affected (Giones et al., 2020; Ratten, 2020; Ratten & Jones, 2021). The expectations pertaining to the business growth show significant reduction as compared to the previous year. More importantly, 50.2% of owners and managers of established business expected somewhat or much lower business growth, while the proportion is outstandingly less for early stage entrepreneurs (TEA) compared to established business, as 42.7% of early stage entrepreneurs expected somewhat or much lower business growth. The results are shown in Figure 2-6

2.6 Delay in getting the business operational for TEA

The GEM 2020 APS asked those starting or running a new business whether the pandemic has led to a greater delay in getting business operational than there was a year ago. Answers to each of these questions are set out in Figure 2-7. We can see that 88.3% agrees or strongly agrees that the coronavirus pandemic has led to a delay in getting business operational. The result evidences the big impact on this aspect for the early-stage entrepreneurial sector.

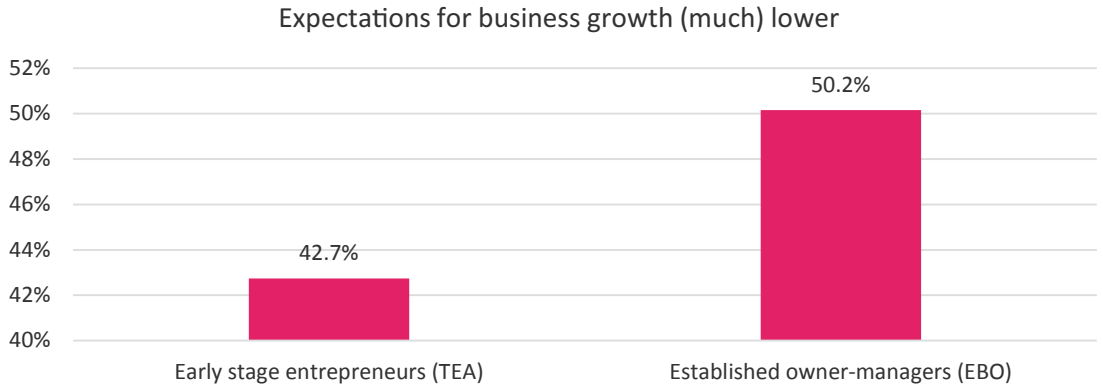


Figure 2-6: Growth expectations compared to one year ago by stage

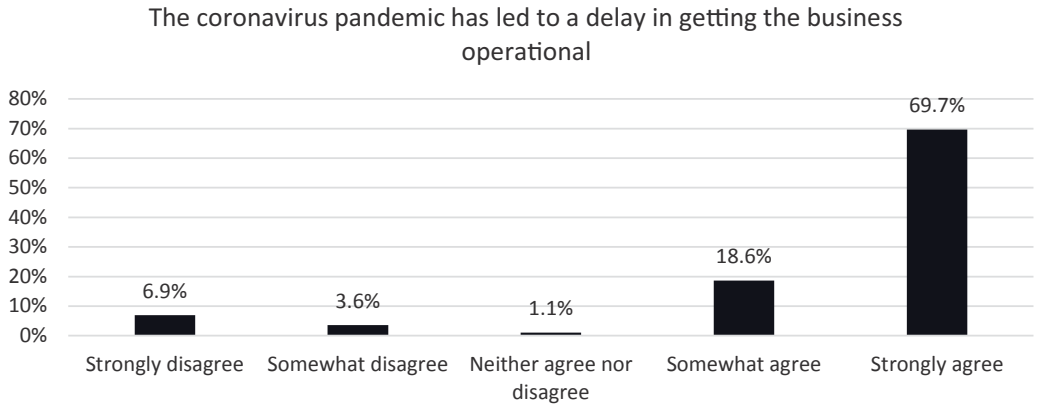


Figure 2-7: Nascent entrepreneurs' evaluation on delays in getting businesses operational because of the coronavirus pandemic

2.7 Stopping some activities for new and established owner managers

In the previous section the APS asked if anyone knew someone whose business had closed due to the pandemic. However, in this section the question extends to involve all owner-managers not just EBO. The Figure 2-8 illustrates that 77.5% of new or established owner-managers agree or strongly agree that the coronavirus pandemic has stopped some of the core activities of their businesses.

2.8 New opportunities for the business

In 2020, both those who are starting or running a business as well as those who manage established business were asked a question testing the impact of COVID-19. The statement of this question was "The coronavirus pandemic has provided new opportunities that you want to pursue with this business. The result of this question is illustrated in Figure 2-9 where more early-stage entrepreneurs, 60.1%, than established owner-managers, 38.4 %, report the identification of new opportunities for doing business because of the pandemic. In other words, they want to pursue a positive consequence among the negative aspects of the pandemic.

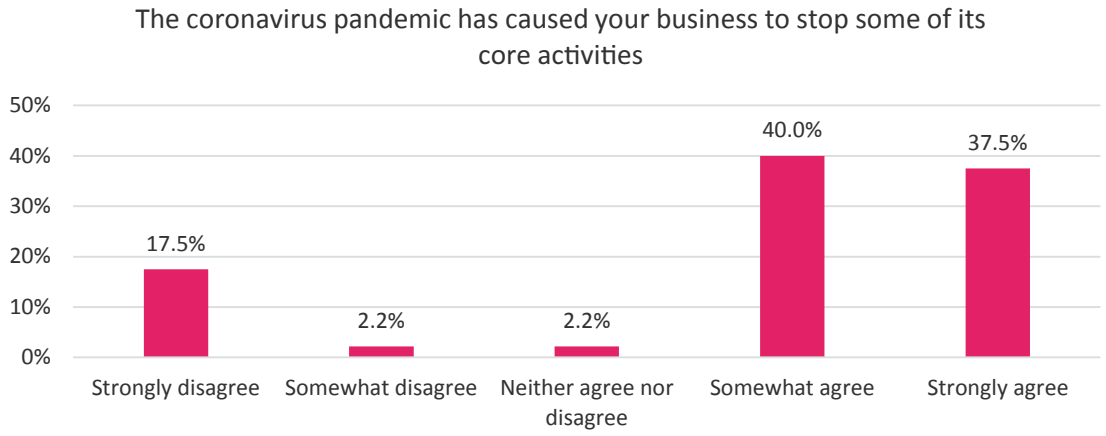


Figure 2-8: New and established owner-manager's report on stopping some activities for new and established owner managers

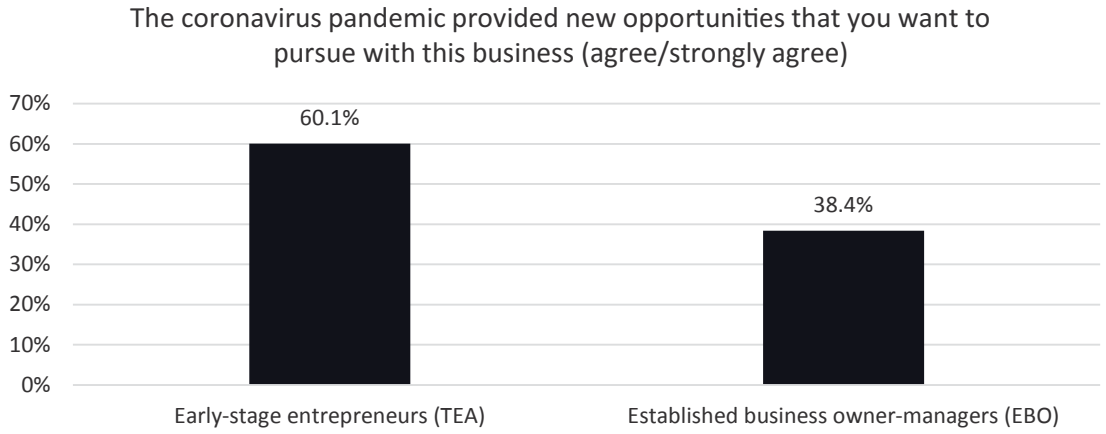


Figure 2-9: TEA and established business owner-managers perception about new opportunities provided by the coronavirus pandemic

2.9 Intentions and their expectations related to COVID-19

It is often acknowledged that the intention to start a business can be an important indicator of the level of entrepreneurial ambition in an economy, as well as a potential leading indicator for early-stage entrepreneurial activity. The APS asks respondents "to what extent that expectation is influenced by the pandemic." The result provided in Figure 2-10 shows that of those with entrepreneurial intentions (60.6% of the adult population), GEM estimated that, in Oman, 33.8% have been influenced to at least some extent by the coronavirus pandemic, while 17.5% to a high extent, and 48.8% reported that their expectations are unrelated.

2.10 Percentage of discontinued businesses because of COVID-19

Business exits are considered as an important feature of a dynamic entrepreneurial economy. Owners exit their businesses for a variety of reasons, some of which are positive and others not. Based on the traditional methodology for estimating exit and business closure that GEM uses annually, in 2020, 10.82% of the adult population exited or closed a business activity. Of this percentage, only 2.73% exited businesses and did not disappear from the market. However, 8.09% of businesses are exited the market completely.

The APS asks all respondents about the most important reason for quitting this business and Figure 2-11 shows the distribution of main reasons to exit or close a business. The base for this graph is the total 10.82%. The pandemic appears as the main reason (24.6%) for both groups: 19.3% exited or closed a business due to loss of profit, and 16.4% due to the pandemic.

2.11 Expert opinion on the first reaction of businesses and Government to the first lockdown

In 2020, the GEM responded to the pandemic through creating two extra blocks of relevant questions into the NES. These blocks of questions are designed to highlight two key areas: first, the response of entrepreneurs to the effects of the pandemic, and, second, the response of governments to the consequences of COVID-19. The first block involved questions related to the entrepreneurial response in NES 2020, focused on whether entrepreneurs are introducing new ways of doing business, promoting working from home, adjusting their products or services, identifying new opportunities, or are increasing cooperation with other businesses, including on global projects. The expert evaluation is presented in Figure 2-12. The second block of new questions to national experts focused on government responses to the consequences of the pandemic: whether governments are effectively helping businesses to adjust, are helping to avoid the loss of firms, are effectively protecting workers and customers, and whether governments are increasing digital delivery of regulations. Summary expert views are presented in Figure 2-13. Experts' assessment of responses to the pandemic range from nothing proactive = 0, to fully proactive = 10.

Looking in more detail, the side-by-side comparison makes it clear that the national experts see the entrepreneurs' response as substantially more proactive than the government's. As an illustration, the entrepreneurial response to COVID-19 that is viewed by national experts is totally 6.4 points over 10 compared with almost 5.8 points over 10 as the governmental response to the pandemic. Additionally, the evaluation of experts reveals that the entrepreneurs are more proactive in making adjustments to current products and services as well as promoting their products from home than are others. However, the government is more

proactive in increasing the digital or online delivery of regulations for new and growing firms and protecting the workers and customers of new and growing firms.

2.12 International position

In an international comparison, generally, it can be seen clearly in Figure 2-14 that Saudi Arabia stands out in both types of response with the best evaluations given by the experts, followed closely by the evaluation of experts from the UAE, and at a further distance by the rest of the countries in the area that have participated in GEM 2020.

Delving a little deeper, Saudi Arabia is the only case in which experts evaluated the reaction of the government to Covid-19 more than in terms of entrepreneurial sector response. Also, it is noticeable that in some countries the entrepreneurs' responses to coronavirus were higher than the government's, which did not reach the passing grade (Morocco, Kuwait and Iran).

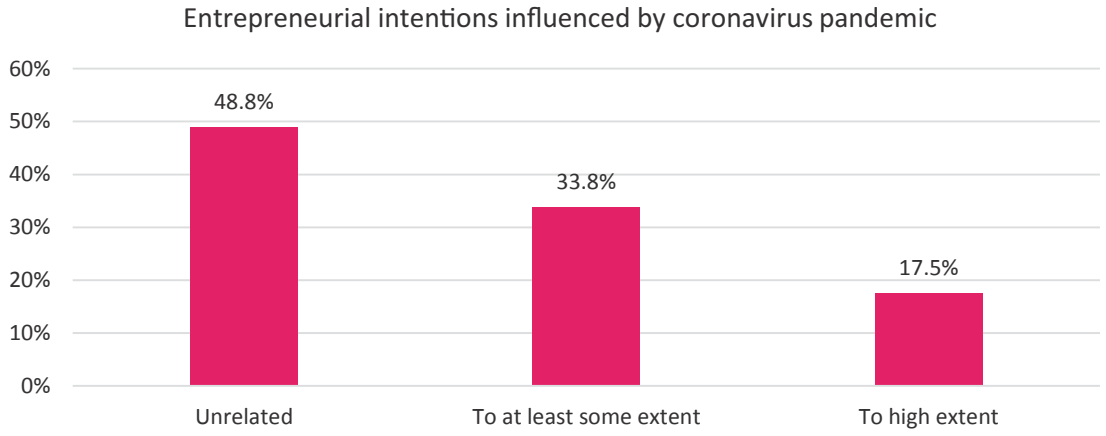


Figure 2-10 : Entrepreneurial intentions influenced by coronavirus pandemic for those who reported entrepreneurial intentions for the next three years

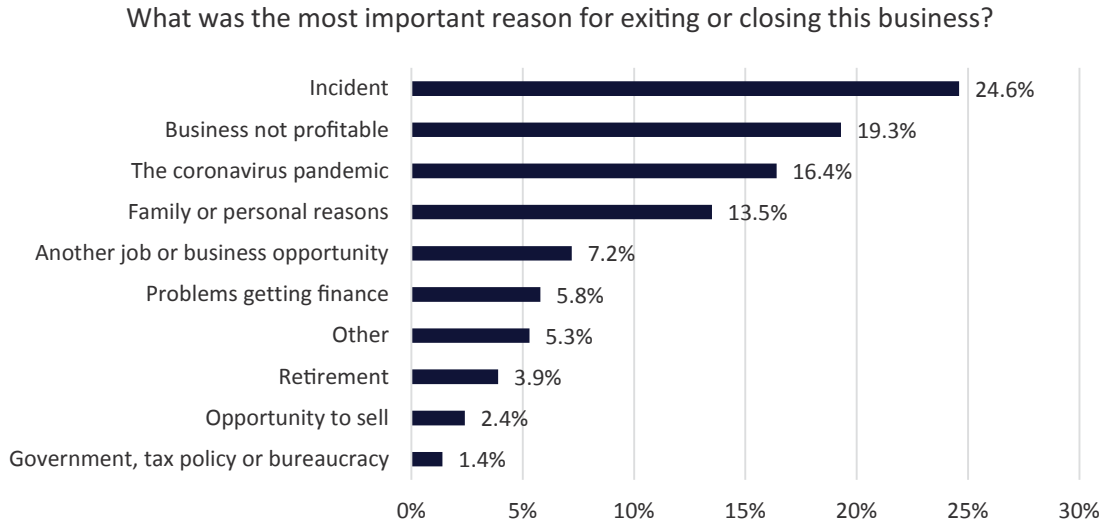


Figure 2-11: Main reason to exit or close a business in 2020: distribution

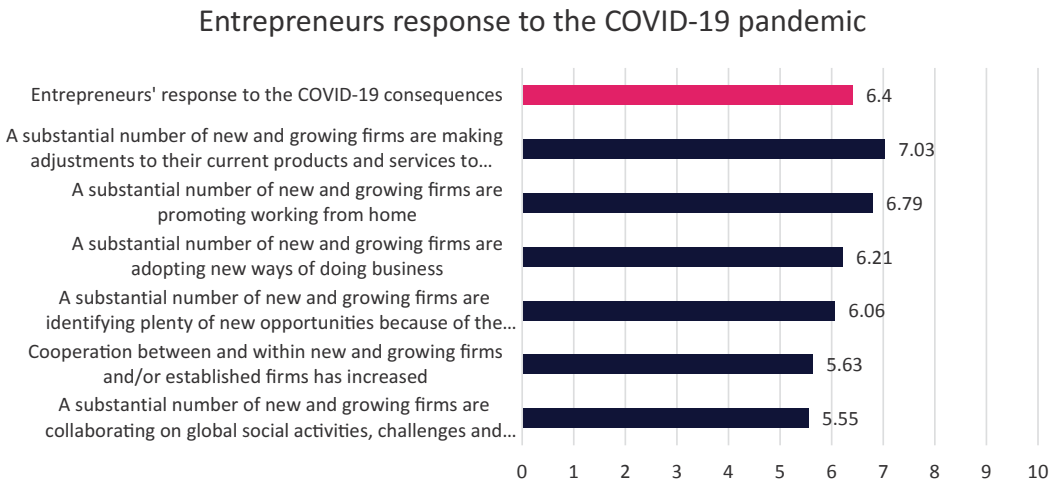


Figure 2-12 Oman experts' evaluation of the new and growing firms first reaction to the pandemic

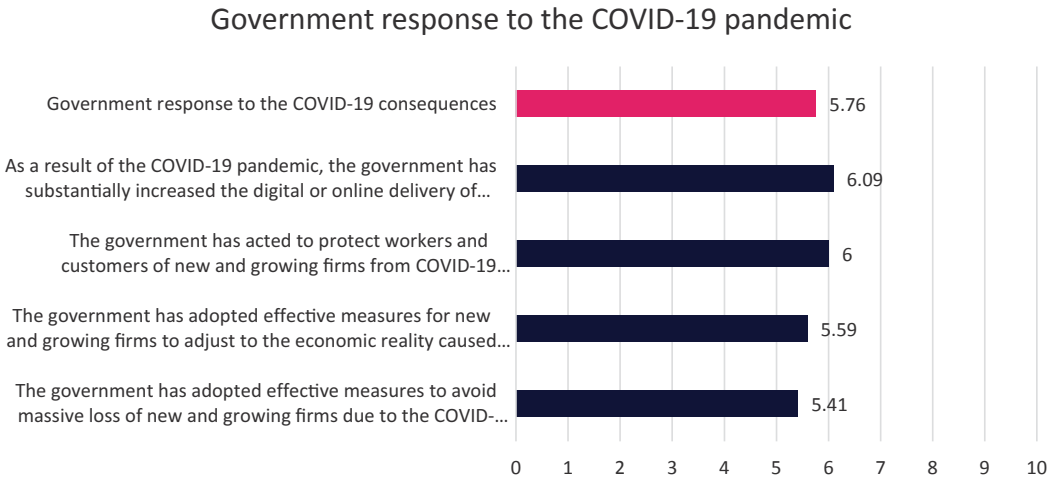


Figure 2-13 Oman experts' evaluation of basic governmental measures to protect new and growing firms during the lockdown

References

Ben Hassen, T. (2020). The entrepreneurship ecosystem in the ICT sector in Qatar: local advantages and constraints. Journal of Small Business and Enterprise Development, 27(2), 177–195. https://doi.org/10.1108/JSBED-04-2019-0119

Bosma, N., Hill, S., Ionescu-Somers, A., Kelley, D., Guerrero, M., & Schott, T. (2021). Global Entrepreneurship Monitor 2020/2021 Global Report (1st ed., pp. 138-139). Global Entrepreneurship Research Association.

Brown, R., & Cowling, M. (2021). The geographical impact of the Covid-19 crisis on precautionary savings, firm survival and jobs: Evidence from the United Kingdom's 100 largest towns and cities. International Small Business Journal: Researching Entrepreneurship, 39(4), 319-320. https://doi.org/10.1177/0266242621989326

Brown, R., & Rocha, A. (2020). Entrepreneurial uncertainty during the Covid-19 crisis: Mapping the temporal dynamics of entrepreneurial finance. Journal of Business Venturing In-

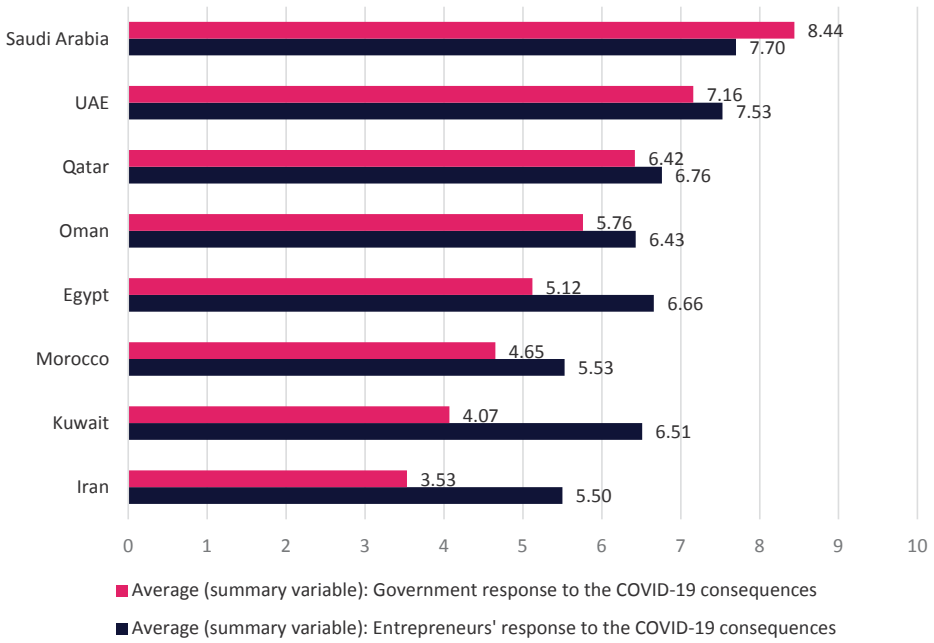


Figure 2-14: Experts' evaluation of the new and growing firms' first reaction to the pandemic and of basic governmental measures to protect new and growing firms during the lockdown: international MENA comparison

sights, 14, e00174.29(4), 727-740.

Coduras, A., Clemente, J. A., & Ruiz, J. (2016). A novel application of fuzzy-set qualitative comparative analysis to GEM data. Journal of Business Research, 69(4), 1265–1270. https://doi.org/10.1016/j.jbusres.2015.10.090

Estrin, S., Mickiewicz, T., & Stephan, U. (2016). Human capital in social and commercial entrepreneurship. Journal of Business Venturing, 31(4), 449–467. https://doi.org/10.1016/j.jbusvent.2016.05.003

Fairlie, R. (2020). The impact of COVID-19 on small business owners: Evidence from the first three months after widespread social distancing restrictions. Journal of economics & management strategy, 29(4), 727-740.

Figueiredo, E., & Paiva, T. (2019). Senior entrepreneurship and qualified senior unemployment: The case of the Portuguese Northern region. Journal of Small Business and Enterprise Development, 26(3), 342–362. https://doi.org/10.1108/JSBED-01-2018-0006

Giones, F., Brem, A., Pollack, J. M., Michaelis, T. L., Klyver, K., & Brinckmann, J. (2020). Revising entrepreneurial action in response to exogenous shocks: Considering the COVID-19 pandemic. Journal of Business Venturing Insights, 14, e00186.

Hessels, J., Rietveld, C. A., & Zwan, P. Van Der. (2016). Self-employment and work-related stress : The mediating role of job control and job demand. Journal of Business Venturing. https://doi.org/10.1016/j.jbusvent.2016.10.007

Hossain, M. (2021). The effect of the Covid-19 on sharing economy activities. Journal Of Cleaner Production, 280, 124782. https://doi.org/10.1016/j.jclepro.2020.124782

Maritz, A., Perenyi, A., De Waal, G., & Buck, C. (2020). Entrepreneurship as the unsung hero during the current COVID-19 economic crisis: Australian perspectives. Sustainability, 12(11), 4612.

Ratten, V. (2020). Coronavirus (covid-19) and entrepreneurship: changing life and work landscape. Journal of Small Business & Entrepreneurship, 32(5), 503-516.

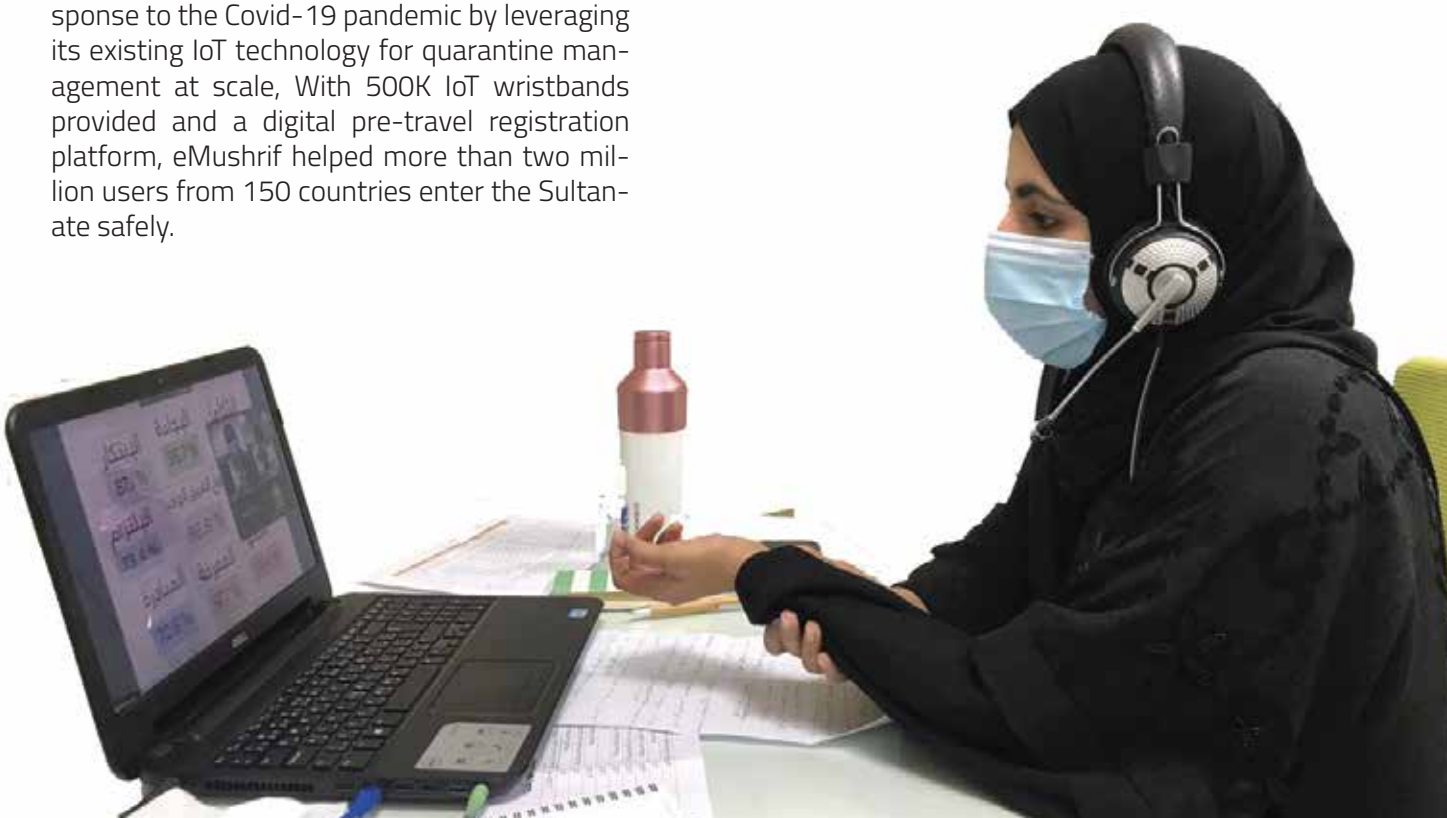
Ratten, V., & Jones, P. (2021). Covid-19 and entrepreneurship education: Implications for advancing research and practice. The International Journal of Management Education, 19(1), 100432.

Santos, S. C., Neumeyer, X., Morris, M. H. (2020). Entrepreneurship Education in a Poverty Context: An Empowerment Perspective Entrepreneurship Education in a Poverty Context: An Empowerment Perspective. Journal of Small Business Management, 2778. https://doi.org/10.1111/jsbm.12485

A Successful Story: eMushrif

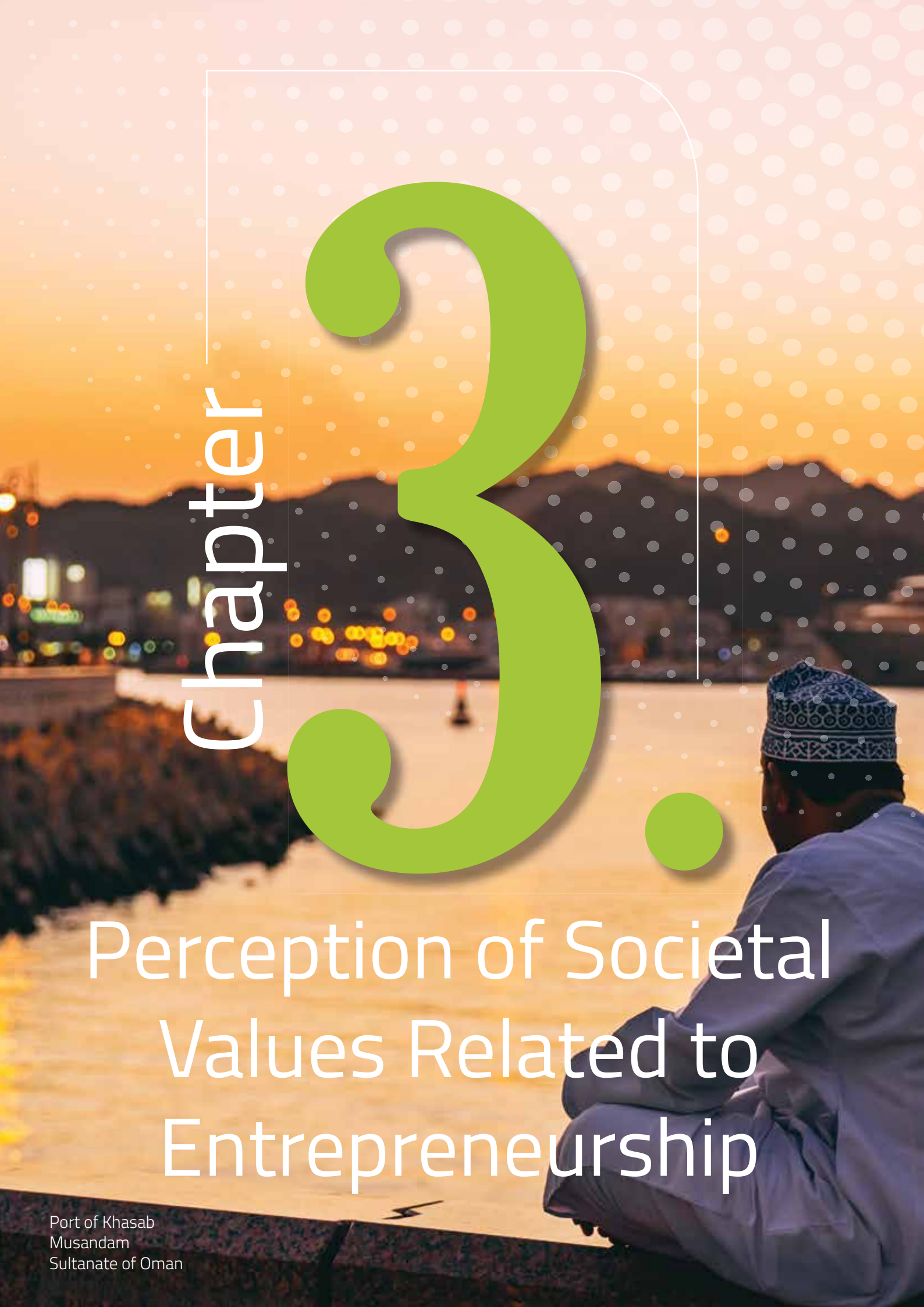
إي.مشرف
eMushrif

eMushrif was established in 2016 and has succeeded in applying IoT to develop solutions to monitor the safety of students in school buses. With the help of these technologies, eMushrif swiftly converted traditional school buses to smart and safe school buses .eMushrif also played a vital role in the Sultanate of Oman's response to the Covid-19 pandemic by leveraging its existing IoT technology for quarantine management at scale, With 500K IoT wristbands provided and a digital pre-travel registration platform, eMushrif helped more than two million users from 150 countries enter the Sultanate safely.



Chapter 3.

Perception of Societal Values Related to Entrepreneurship



Port of Khasab
Musandam
Sultanate of Oman

3.1 Introduction

Attitude is a psychological tendency in which an individual assesses a particular phenomenon with some degree of favor or disfavor (Schwar & Lee, 2018). Attitude is important in any setting because a strong attitude would influence a person's behavior (Kroesen et al., 2017). Therefore, the perception of society toward entrepreneurship has taken a great attention in many nations. This is due to the fact that attitudes toward entrepreneurship affect the propensity of people to become entrepreneurs and start new ventures. It is generally recognized that social attitudes are often considered as one main source of support that entrepreneurs may receive from their families and relatives (Fragoso et al., 2019). With regards to Oman, it is proposed that the unique nature of the culture, traditions, history, and religious experience may all be well reflected in its societal attitude towards entrepreneurship.

The GEM Adult Population Survey (APS) has always asked a range of questions about attitudes and perceptions of society toward entrepreneurship. The APS, 2020, asks respondents whether they agree with the following statements: "in your country, most people would prefer that everyone had a similar standard of living", "in your country, most people consider starting a new business a desirable career choice", "in your country, those successful at starting a new business have a high level of status and respect", "in your country, you will often see stories in the public media and/or internet about successful new businesses", and "in your country, you will often see businesses

that primarily aim to solve social problems". The responses are plotted in Figure 3-1 and they are compared with those of 2019.

In general, the most striking fact that can be discerned from Figure 3-1 is that there are positive attitudes from society related to entrepreneurship in all views except that of business as providing solutions to social issues. Looking in more detail, the idea that those successful at starting a new business have a high level of status and respect is very extended, reaching 90.22%. Also, there is a very good level of perception (89.01%) that public media and the internet declare successful entrepreneurs. Moreover, a significant number of respondents (81.35%) agree that starting a new business is a desirable career choice. Society is in favor of the population reaching a similar standard of living (62.26%), although it is not exempt from a certain degree of competitiveness. Finally, unfortunately, only 49.48% of adult Omanis perceive that the primary objective of a business is providing solutions to social issues.

With regards to comparison between 2019 and 2020, it is clearly noticeable that the social attitudes toward entrepreneurship in 2020 are much higher than the attitudes in 2019 except for the attitude toward starting a new business as a desirable career choice. This might be due to the fact that the intention to start a new business is influenced by attitudes, which are associated with multiple influences, such as personal traits and situational influences (Bularafa & Gamawa, 2021). Thus, this indicates that a situation like Covid-19 may affect the societal attitude. In addition, the study conducted by Ratten (2020) highlighted that social entrepreneurship is needed more in times of crisis because of the emphasis on societal well-being. So that is why the attitudes toward entrepreneurship changed in 2020 as the year of Covid-19 started.

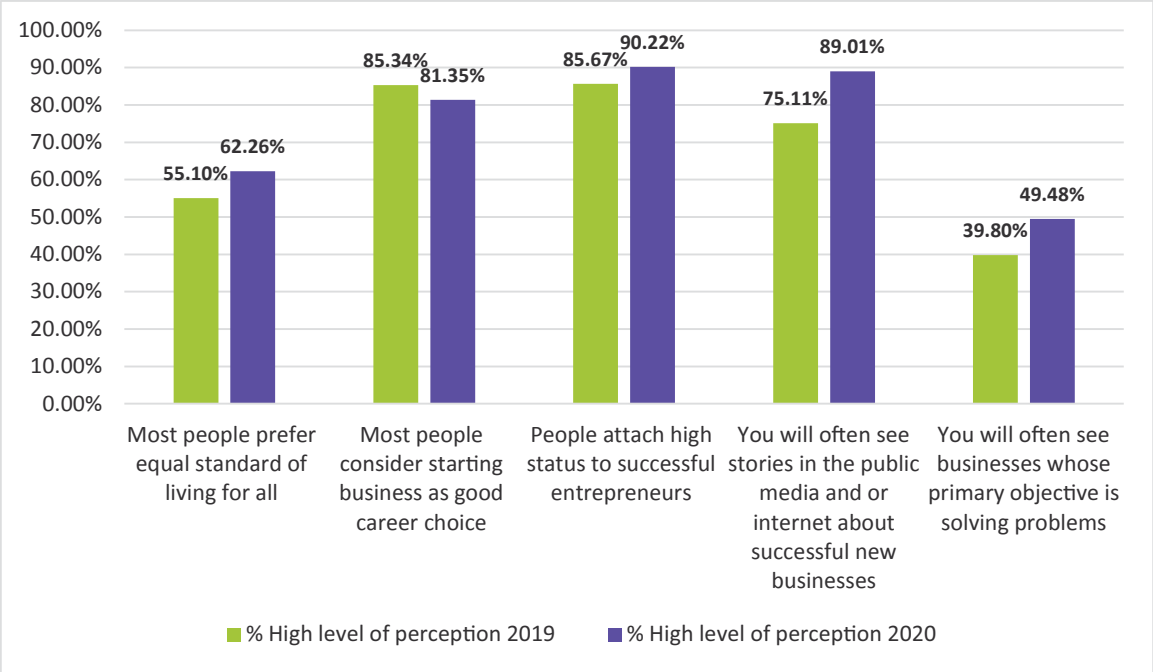


Figure 3-1: Perception of societal values related to entrepreneurship in Oman: percentage of high positive perception, within the 18-64 age group, to key questions related to this topic in 2019 and 2020.

3.2 Perception of societal values related to entrepreneurship by gender, age group, educational level, involvement in business sector, and entrepreneurship intention.

The perception of individuals' societal values regarding entrepreneurship in 2020 was investigated, based on gender, age brackets, the attained education level, business ownership, and entrepreneurial intention. However, there is significant difference between male and females in their societal perception regarding their preference of having similar living standards, entrepreneurship as career choice, perception of high level status based on successful business establishment, the role of social media, and business that solves social problems as presented in Table 3-1. However, insignificant difference is recorded among the different age groups with regard to the mentioned living standards, career choice, high-level status, social media, and social problem solving. Moreover, educational attainment shows significant difference among respondents who have no education, secondary or post-secondary education, and graduate experience. Likewise, significant difference is found among respondents' involvement when they were asked about business ownership and their intention to initiate entrepreneurial ventures.

3.3 International Position

Oman recorded a notable difference in comparison to other countries including Iran, United Arab Emirates, Qatar, Morocco, and Egypt. However, the results shown in Figure 3-2 indicate that individual preference of having similar living standards is significant mostly among the population of UAE followed by Egypt. The findings of GEM and high income are somewhat similar with 63.88% and 62.55% respectively.

Table 3-1: Average perception of societal values related to entrepreneurship measured in 5 points agreement scales by gender, age group, educational level, involvement in business sector, and region

Socio-demographic Variable	Categories	Perception of Societal Value Average	Perception of Societal Value St. Dev.	P-Value	Conclusion
Gender	Male	3.66	0.67	0.001***	The difference is significant
	Female	3.78	0.68		
Age	18-24 years	3.78	0.65	0.248	The difference is not significant
	25-34 years	3.69	0.7		
	35-44 years	3.73	0.69		
	45-54 years	3.68	0.7		
	55-64 years	3.66	0.65		
Educational Attainment	None	3.59	0.77	0.008***	The difference is significant
	Secondary degree	3.74	0.68		
	Post-secondary	3.71	0.64		
	Grad. Experience	3.85	0.73		
Owner of Any Business	Involved	3.82	0.64	0.002***	The difference is significant
	Not involved	3.69	0.69		
Entrepreneurial Intention	Involved	3.78	0.68	0.000***	The difference is significant
	Not involved	3.6	0.67		

Oman reports a slight decrease in the preference of gaining similar living standards when compared to Gulf Countries such as UAE and Qatar, as well as other countries including Iran, Morocco, and Egypt (see Figure 3-2).

Starting a new business is considered the most desirable career choice in Saudi Arabia, Oman, and Qatar respectively. Considering Gulf countries, the UAE reports the lowest desirability of accessing the entrepreneurship sector as their career path. Meanwhile, Iran displays a very low desire (47%) to choose entrepreneurship as their career. (See Figure 3-3).

The attained social status and respect remarkably influence individual's perception of being successful in the start-up of new business ventures. The major respondents in Saudi Arabia and Iran express that being successful in establishing a new business is the means to gaining good social status as well as respect. 90.22% of Omani individuals perceive that good social status and respect is achieved through successful business initiation. Moroccans were the least interested in gaining good social status and respect through accomplishing successful new business, as indicated in Figure 3-4.

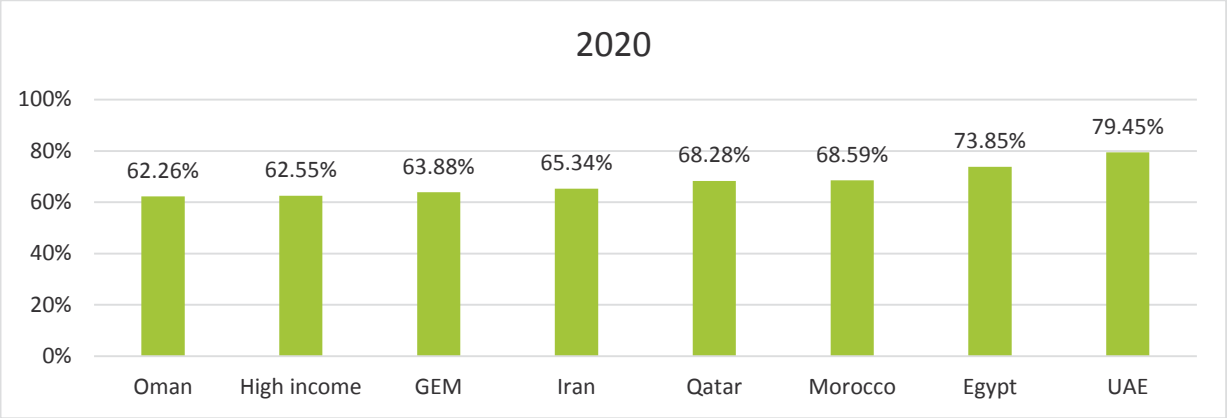


Figure 3-2: Preference of the population for similar living standards

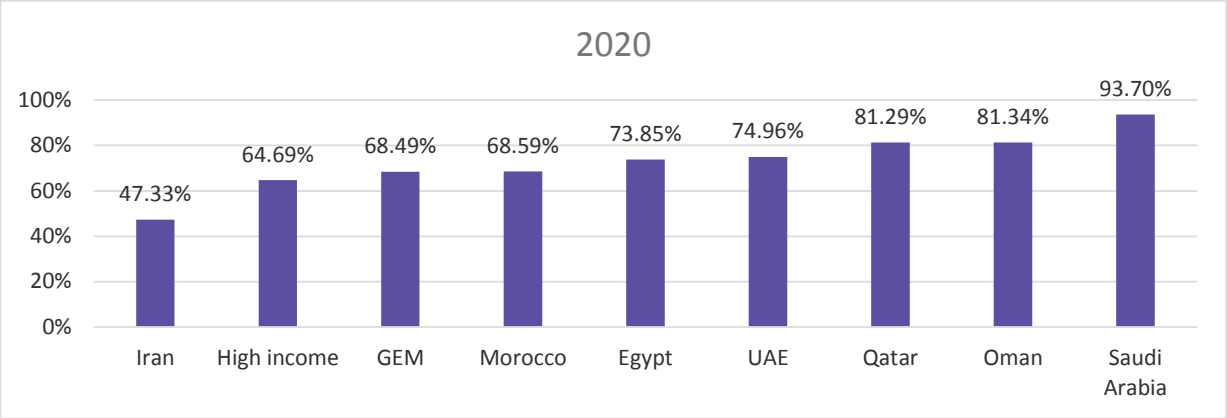


Figure 3-3: The population considers entrepreneurship a good career choice

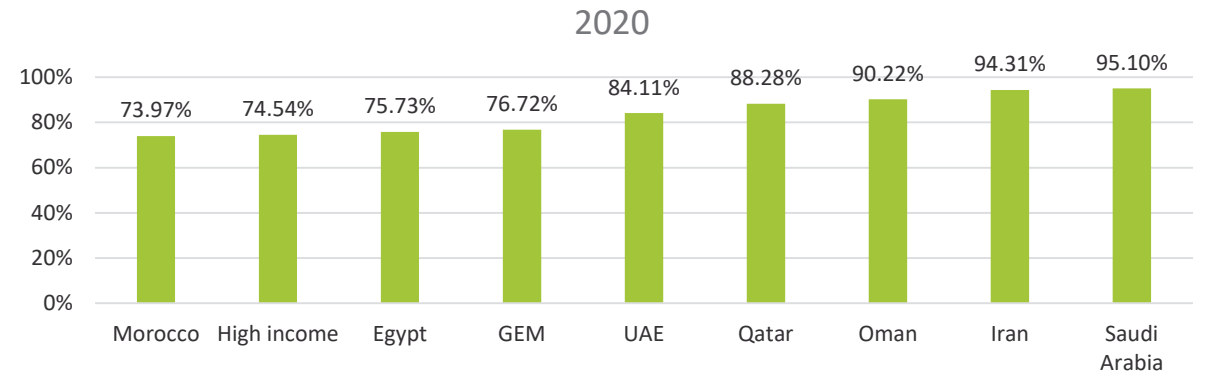


Figure 3-4: Successful entrepreneurship good status

When the participants were asked about the role of public media or the internet in carrying stories about successful new business, the Saudi population's acceptance was the highest with 92.93%. This was followed by Omanis as about 89% of the respondents view social media and internet as significant carriers of successful entrepreneurial stories, as presented in Figure 3-5. Furthermore, Qatar and UAE record close agreements with about 82% and 80% respectively. Morocco and Egypt also exhibit similar agreements.

Regarding business whose major focus is in solving problems, Oman reports a significant increase over the GEM average, as about 49% of the population express that social problems could be solved through business venture establishment, as presented in Figure 3-6. The UAE shows the highest regard for business roles in solving social problems. Overall, the remaining countries such as Oman, Morocco, and Iran are close to each other as the rate ranges between 49% and 41%.

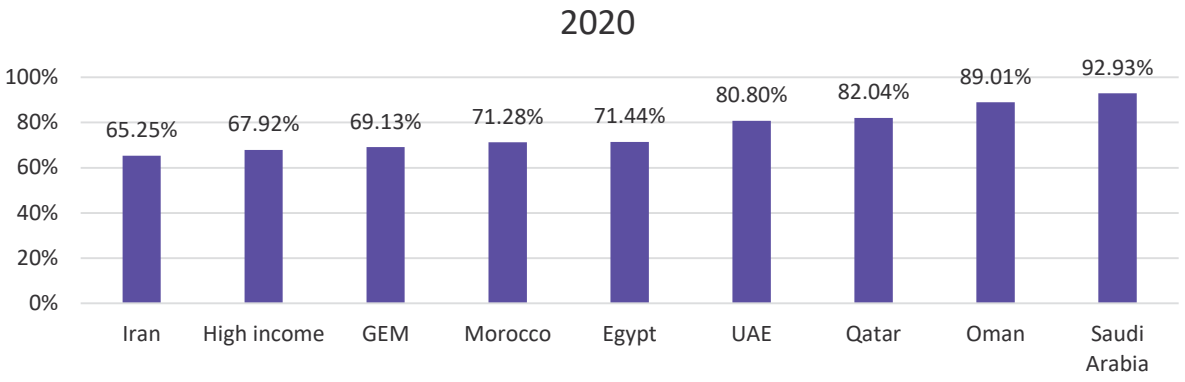


Figure 3-5: Media as echo of successful entrepreneurship

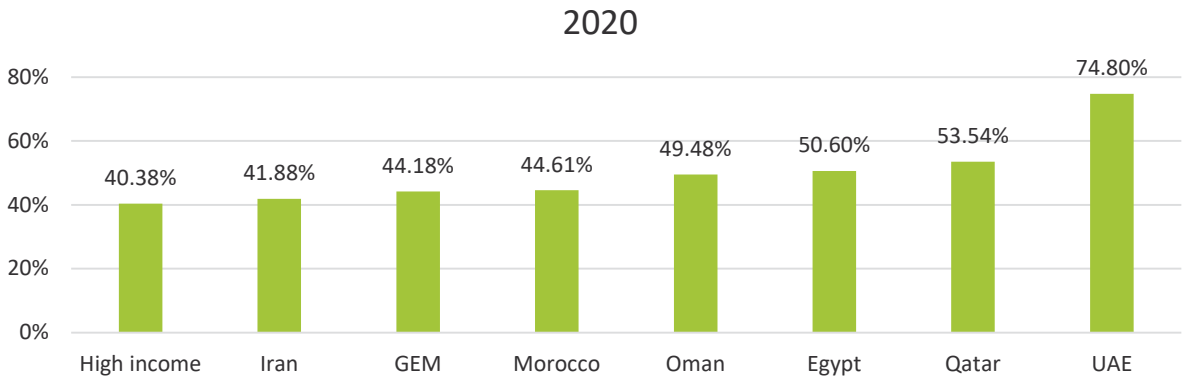


Figure 3-6: You can see often businesses whose primary objective is solving social problems

References

Bularafa, B. A., & Gamawa, A. I. (2021). Effect of Personality Traits and Contextual Factors on Entrepreneurial Intentions among Undergraduate Students of Nigerian Universities. *Journal of International Business and Management*, 4(3), 01-19.

Fragoso, R., Rocha-Junior, W., & Xavier, A. (2019). Determinant factors of entrepreneurial intention among university students in Brazil and Portugal. *Journal of Small Business & Entrepreneurship,* 32(1), 33-57. https://doi.org/10.1080/08276331.2018.1551459

Kroesen, M., Handy, S., & Chorus, C. (2017). Do attitudes cause behavior or vice versa? An alternative conceptualization of the attitude-behavior relationship in travel behavior modeling. *Transportation Research Part A: Policy And Practice,* 101, 190-202. https://doi.org/10.1016/j.tra.2017.05.013

Ratten, V. (2020). Coronavirus (Covid-19) and entrepreneurship: cultural, lifestyle and societal changes. *Journal of Entrepreneurship In Emerging Economies.* https://doi.org/10.1108/jeee-06-2020-0163

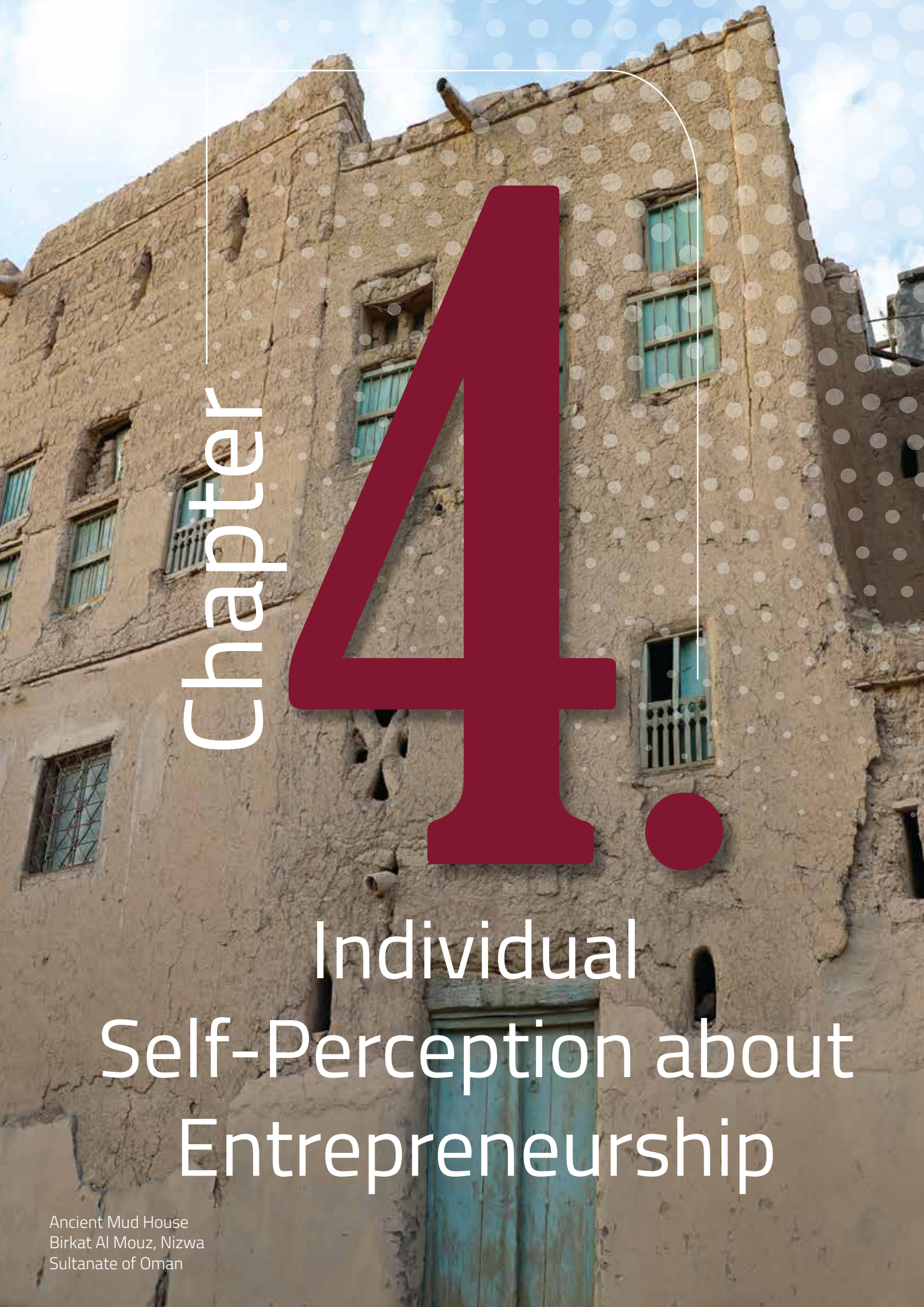
Schwarz, N., & Lee, S. W. (2018). Embodied cognition and the construction of attitudes. In *The handbook of attitudes* (pp. 450-479). Routledge.

A Successful Story: Trans Gulf Information Technology

Trans Gulf company for technical information is providing knowledge solutions and services. So it provides integrated solutions and services to libraries and information centres, knowledge management centres, portal development and operation, and content management solutions. Since its establishment in 2003 with 100% Omani administrative staff, Omani has taken on the adoption of state-of-the-art techniques in the management, organization and analysis of knowledge in all its aspects: From the development of modern digital platforms and digital education systems, through interactive digital content, massive data analysis, to the processing of modern robots, artificial intelligence technologies, and 3D printing plants.

A team of specialists and highly qualified people in various fields of information technology, knowledge management and organization, supervised the implementation of several innovative digital projects for a number of governmental and private institutions inside and outside the Sultanate.

عبر الخليج لتقنية المعلومات
TRANS GULF INFORMATION TECHNOLOGY



Chapter 4.

Individual Self-Perception about Entrepreneurship

Ancient Mud House
Birkat Al Mouz, Nizwa
Sultanate of Oman

4.1 Introduction

Similar to 2019 but with a small increase in the results in 2020, the adult population in Oman held a moderate perception of individual entrepreneurial values. Figure 4-1 shows an increase of 13% in 2020 when 84% of working-age adults personally knew someone who started a business in the last two years compared to 71% in 2019. An increase of 11% can be seen in 2020 with 83.79% in comparison to 72.31% in 2019 with the same adult population who noted that there are good opportunities and/or conditions around them for starting a business. In 2020, 64.46% of the adults indicated requiring knowledge/skills to start a business while 56.32% indicated the same in 2019. This shows a small increase of about 8% between the two years. There is a slight rise of 1.52% in 2020 with 42.62% compared to 40.9% in 2019 with those who noted fear of failure would prevent them from starting a business. Finally, a rise of 13% is recorded between 2020 with 67.78% and 54.69% in 2019 among adults who stated that it is easy to start a business in Oman.

These results show that Oman is still impacted by the same factors that are identified in 2019. These are economic and societal transition where less dependence on skilled expatriates led to an entrepreneurial culture that creates more job opportunities for Omanis.

The increase in the awareness of the adult population in Oman for entrepreneurship in 2020 is due to many political and economic shifts. The peaceful transformation of power after the death of Sultan Qaboos bin Said and the assumption of Sultan Haitham bin Tariq on January 11, 2020, resulted in a series of economic, legislative, administrative and financial reforms that helped the Sultanate to cope with the repercussions of the COVID-19 pandemic, which affected all aspects of life in the Sultanate. The Sultanate's political stability, the institutional development, and the precautionary measures taken by the government helped to reduce the harshness of the economic crisis and thus the entrepreneurship resulting from the drop in oil prices below the required level. Finally, the partial and total closure of many commercial and industrial establishments in the government or private sector led to number of negative impacts.

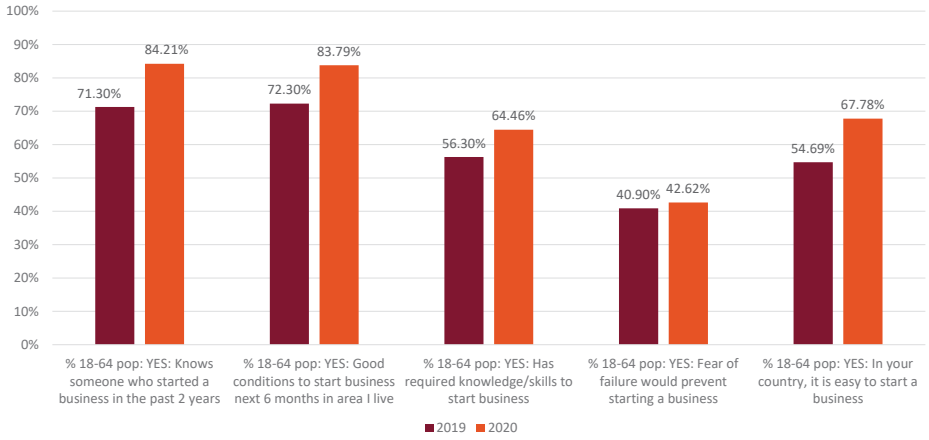


Figure 4-1: Individual perceptions about entrepreneurship in Oman: The percentage of high positive perception within the 18-64 age group, to key questions related to this topic (comparison between 2019 and 2020)

4.2 Individual perceptions about entrepreneurship by gender, age group, educational level, involvement in business sector, and entrepreneurial intent.

Similar to the results of 2019, the assessment of individual perceptions in 2020 about entrepreneurship according to gender shows insignificant different between Omani females and males respondents in regard to knowing recent

entrepreneurs, identifying opportunities, having or gaining the required entrepreneurial knowledge and skills, or their perceptions about the ease of opening a new business (see Table 4-1).

Similar to 2019, with regards to the age and education levels, there are significant differences in the responses about knowledge of recent entrepreneurs and whether respondents have entrepreneurial knowledge and skills. Likewise, the results confirm that the elder adult population of Oman, and those with no educational background, reveal the lowest percentage in terms of the knowledge of recent entrepreneurs, as well as demonstrating lower average scores among those who have entrepreneurial skills and knowledge. Thus, the results suggest that more educated people tend to venture into entrepreneurship.

When it comes to business owners, the results obtained in 2019 are similar to the results in 2020. The results indicate a significantly higher percentage of 3.45% of adults involved in owning a business and 3.88% not involved. A similar difference can be noted for entrepreneurs' intention, where the results indicate a significantly higher percentage of 3.35% of adults involved and 3.66% not involved.

Table 4-1: Individual perceptions about entrepreneurship by gender, age group, educational level, involvement in business sector, and entrepreneurial intent

Socio-demographic Variable	Categories	Individual Self-perception Average	Individual Self-perception St. Dev.	P- Value	Conclusion
Gender	Male	3.51	0.83	0.267	The difference is not significant
	Female	3.55	0.79		
Age	18–24 years	3.58	0.84	0.004***	The difference is significant
	25–34 years	3.59	0.8		
	35–44 years	3.50	0.8		
	45–54 years	3.43	0.81		
	55–64 years	3.33	0.79		
Educational Attainment	None	3.41	0.81	0.046**	The difference is significant
	Secondary degree	3.52	0.79		
	Post-secondary	3.56	0.84		
	Grad. experience	3.62	0.77		
Owner any Business	Involved	3.45	0.81	0.000***	The difference is significant
	Not involved	3.88	0.73		
Entrepreneurs Intention	Involved	3.35	0.76	0.000***	The difference is significant
	Not involved	3.66	0.82		

4.3 International position

The figure 4-2 shows the proportions of the population that have personal contact with entrepreneurs; this is an indirect measure of entrepreneurial dynamics and of the population's exposure to role models. On this indicator Oman take the highest percentage among the countries in the same geographical area, followed by the UAE and Kuwait. Although the UAE and Kuwait are the smallest countries in the area, they have a more concentrated population and in facts that increase the probability of meeting a recent entrepreneur. Saudi Arabia is in the middle of the group. In 2020, Kuwait, Qatar, Saudi Arabia, Oman and the UAE have TEA activity rates above 15%, which supports the greater personal knowledge of entrepreneurs. However, Iran, Egypt and Morocco have smaller TEA, probably because of the pandemic, so they have lowest knowledge for entrepreneurs.

It's always interesting to be aware of two indicators: population rates that produce interesting opportunities to start businesses (figure 4-3) and those having people who are largely confident about their ability to start a business (figure 4-4). It is noticeable from the graphs that three types of countries can be distinguished in the MENA region: those in which the population perceives opportunities, but where many do not have the knowledge and abilities to implement them (Oman, Egypt, UAE). On the other hand, people in Iran and Morocco

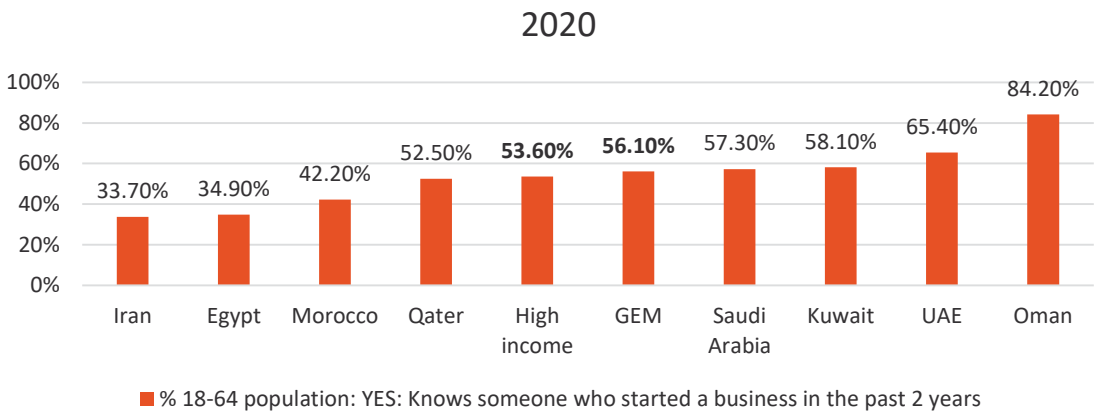


Figure 4-2: International position with respect to indicators on individual self-perception about entrepreneurship (% 18-64 pop)

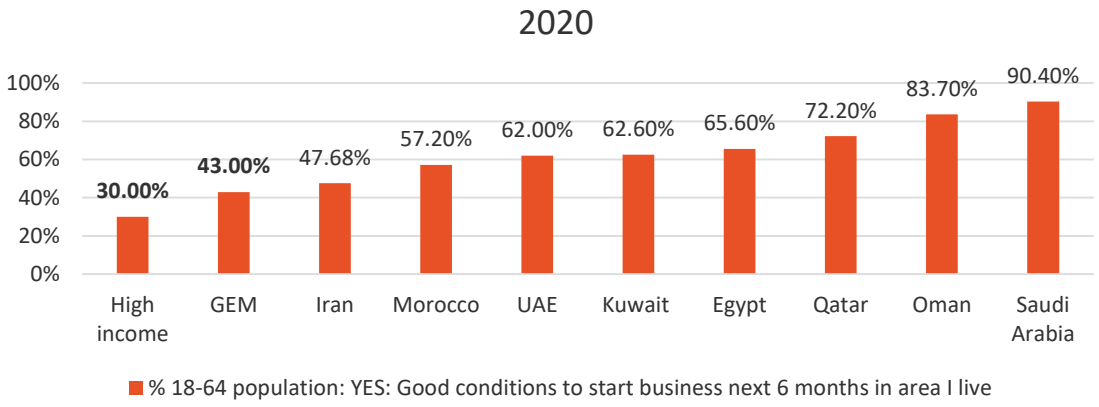


Figure 4-3: International position with respect to indicators on individual self-perception about entrepreneurship (% 18-64 pop)

have the abilities but the population does not perceive enough opportunities. With regards to Kuwait, Qatar and Saudi Arabia, both rates are quite balanced.

Fear of failure is high in the MENA region, the Oman adult population perception in 2020 is considered in a good position among the countries of the Middle East, high-income countries and GEM average countries in terms of fear of failure as a hindrance to starting a business. Kuwait and Saudi Arabia topped the results among all these set of countries as shown in Figure 4-5.

In 2020, Oman , alongside other GCC

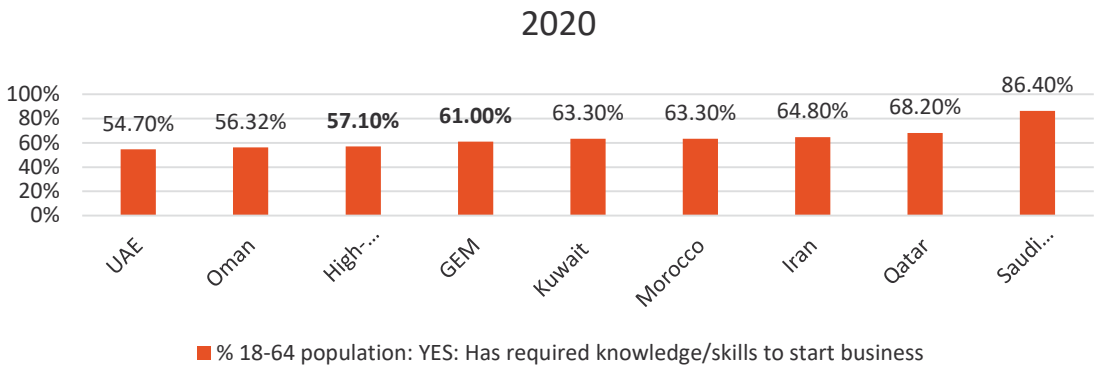


Figure 4-4: International position with respect to indicators on individual self-perception about entrepreneurship (% 18-64 pop)

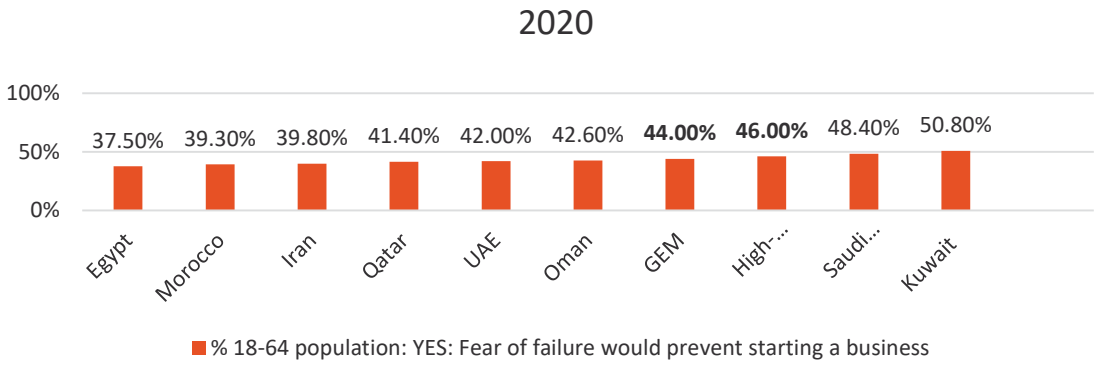


Figure 4-5: International position with respect to indicators on individual self-perception about entrepreneurship (% 18-64 pop)

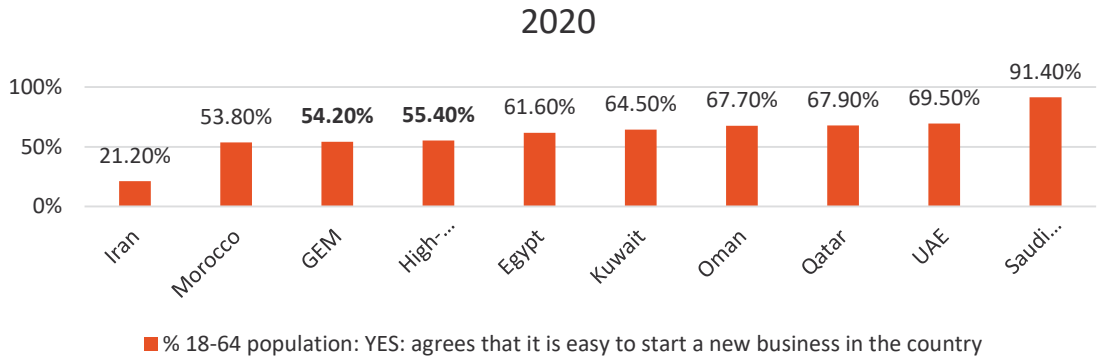


Figure 4-6: International position with respect to indicators on individual self-perception about entrepreneurship (% 18-64 pop)

countries, particularly Saudi Arabia, UAE, Qatar and Kuwait, shows high percentage of population with regards to finding it easy to start a new business in their respective countries (see Figure 4-5).

References

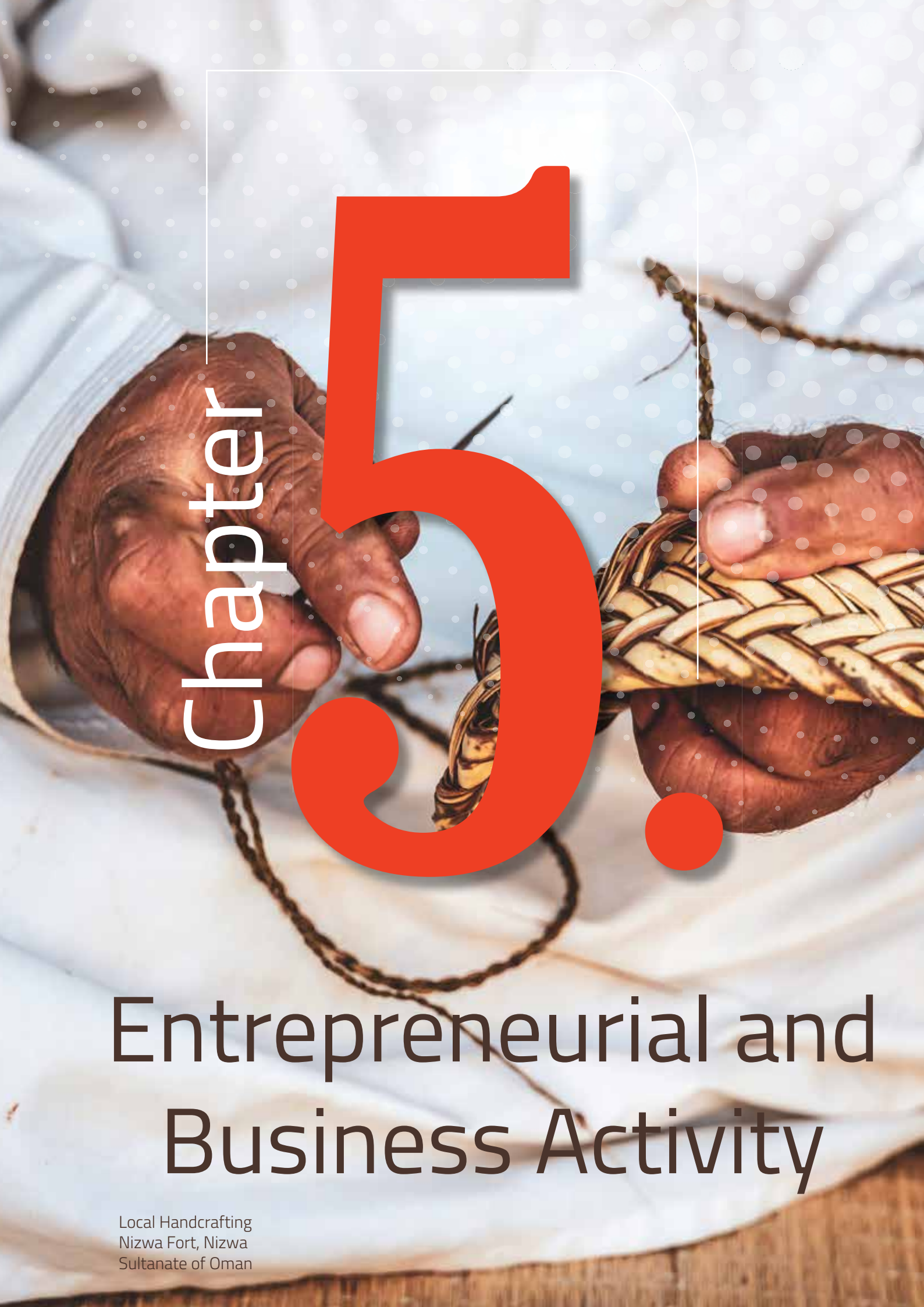
Charged affairs. 2020. Qaboos to Haitham: Oman's Uncharacteristically Smooth Transition of Power. YPFP'S Foriegn Policy

Yasmina Abouzzohour. 2020. As Oman enters a new era, economic and political challenges persist [Online]. Washington: The brookings. Available at: https://www.brookings.edu/blog/order-from-chaos/2020/01/15/as-oman-enters-a-new-era-economic-and-political-challenges-persist/ [Accessed: April 22, 2021].

A Successful Story: Tec.Stu "Towards a better digital education". One of Entrepreneurship Center incubator student startups.

The idea of the project is to develop a virtual educational platform that achieves the integration of modern technologies in the field of education, and the management of the educational process in a way that guarantees high quality educational outcomes.

With the aim of activating the role of the student and making it the main focus of the educational process, strengthening its relationship with educational content, and developing the mechanism for accessing the knowledge source using modern technological devices such as computers, smartphones, tablets and others.



Chapter 5.

Entrepreneurial and Business Activity

Local Handcrafting
Nizwa Fort, Nizwa
Sultanate of Oman

5.1 Introduction

Chapter 4 discusses the influences of individual self-perception about entrepreneurship on the stages involved as the enterprise progresses from conception to an established business, as illustrated in Figure 5.1. GEM tracks the number of individuals who have discontinued their business in the last 12 months. Along with the TEA and the established businesses, discontinuance may be considered a component of entrepreneurial dynamism in an economy. This chapter shows and describes the results of the 2020 Adult Population Survey (APS) on entrepreneurial and business activity.

This chapter begins with a general overview of the results of entrepreneurial activity through the phases of business (section 5.2) as well as the distribution of business exits and discontinuation at different phases described in section 5.3. Then the longitudinal data for the main indicators of business development in Oman and at the international level are described in section 5.4. and 5.5, respectively. Next, discussions on the results of entrepreneurial employee activity are described in section 5.6. Section 5.7 describes the results of independent and sponsored intrapreneurial activity at different phases, and concludes with an assessment of the results of these indicators for the Sultanate of Oman and the nearby countries.

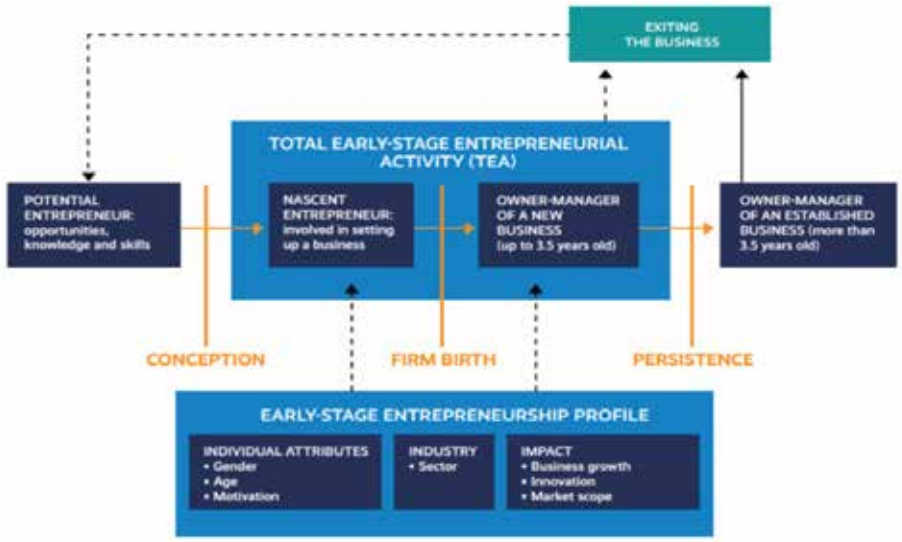


Figure 5-1: Entrepreneurial phases and GEM entrepreneurship indicators

**Source: GEM Global Report, 2019*

5.2 Oman entrepreneurial activity through the phases of business

The COVID-19 outbreak has impacted the world of entrepreneurship both positively and negatively, and the Sultanate of Oman is of no exception. The 2020 APS results shown in Table 5.1 indicate that 60.6% of the Omani adult population seemed to have slightly less intention to start a business within the next three years as compared to the 2019 figure (63.8%). The slight decrease in the intention was obviously due to the pandemic.

Interestingly, there was an increase of 9.3% in the total of early-stage entrepreneurial activity (TEA) (16.3%) where 10.4% of the population started a new business lasting less than three months, while 5.9% were consolidating their business that was older than three months but created less than 42 months previously, compared to only 7% in 2019. Indeed, TEA more than doubled in 2020 compared to 2019. One possible explanation for the increase could be that 63.8% of Omanis who envisioned starting a business in 2019 ended up doing so in 2020. Only 2.5% of the adult population were owner-managers of established businesses (active in the market for more than 42 months).

Meanwhile, the total exit and discontinuation of businesses among the 18-64 aged population (10.8%) is lower than the 2019 figure (17.1%), which will be analysed in-depth next.

Table 5-1: Oman's results on entrepreneurial activity through the phases of business

Activity at each phase of business creation and development						
Year	Potential	Nascent	New (baby)	TEA (total)	Established	Exit and Discontinuation
2020	60.6%	10.4%	5.9%	10.4 + 5.9 =16.3%	2.5%	10.8%
2019	63.8%	3.9%	3.1%	3.9 + 3.1= 7.0%	2%	17.1%
Percentages of Oman's population aged 18–64 involved in each phase						

5.3 Businesses' exit and discontinuation in Oman

The results in Table 5-2 report the total exit and discontinuation of businesses among Omanis aged 18 to 64 years for the year of 2020 is 10.8%. However, this figure contains a significant percentage of activities that have changed hands. For example, as shown in Table 5-2, the owners exited their businesses because they sold their businesses to others (changed hands) (2.7%), or invested their time in other business opportunities or changed their main activities (1.5%), or retired and completely exited the market (6.6%). Thus, these components indicate a dynamic entrepreneurial economy in the Sultanate of Oman.

Next, the results in Table 5-3 show that the nascent activity rate (10.4%) is almost equal to the exit and discontinuation rate (10.8%). Hence, the current rate of businesses' replacement is considered beneficial to the economy and the internal market for the year 2020. Moreover, the rate between nascent activity and effectively exited activity (see Table 5-3) is 1.58, a value of more than 1 indicating the stability of this stage of business for the year 2020. That is, as new businesses emerged, other businesses closed. Business owners selling or closing their businesses may once again benefit their societies by re-entering the entrepreneurship process. In the Sultanate of Oman, the results between the TEA and the entrepreneurial intention continued to grow from the past year (2020), a rate that is slightly higher by 0.16 from the previous year. This shows that in 2020 the aspirations of a significant proportion of potential entrepreneurs could meet a more receptive context to channel their business proposals, compared with the year 2019.

Table 5-2: Results on businesses' exit and discontinuation in Oman

Exit and discontinuation of businesses' composition					
Year	Exit and discontinuation	Business continued in other hands	Business continued but changed its main activity	Business exited the market completely	Don't know/ Refuse
2020	10.8% (100%)	2.7% (30.2%)	1.5% (16.5%)	6.6% (53.3%)	0% (0%)
2019	17.1% (100%)	4.4% (26.7%)	0.8% (4.9%)	11.9% (68.4%)	0% (0%)
Percentages of Oman's population aged 18–64 involved in each phase					

Table 5-3: Relevant rates derived from the results of the business creation and development model and their exit and discontinuation

Rates		
Year	TEA/intention e-ship	Nascent activity/exited activity
2020	16.31/60.61 = 0.27	10.4/6.6 = 1.58
2019	6.98/63.77 = 0.11	3.91/11.9 = 0.33
Abstract figures (no units of measurement)		

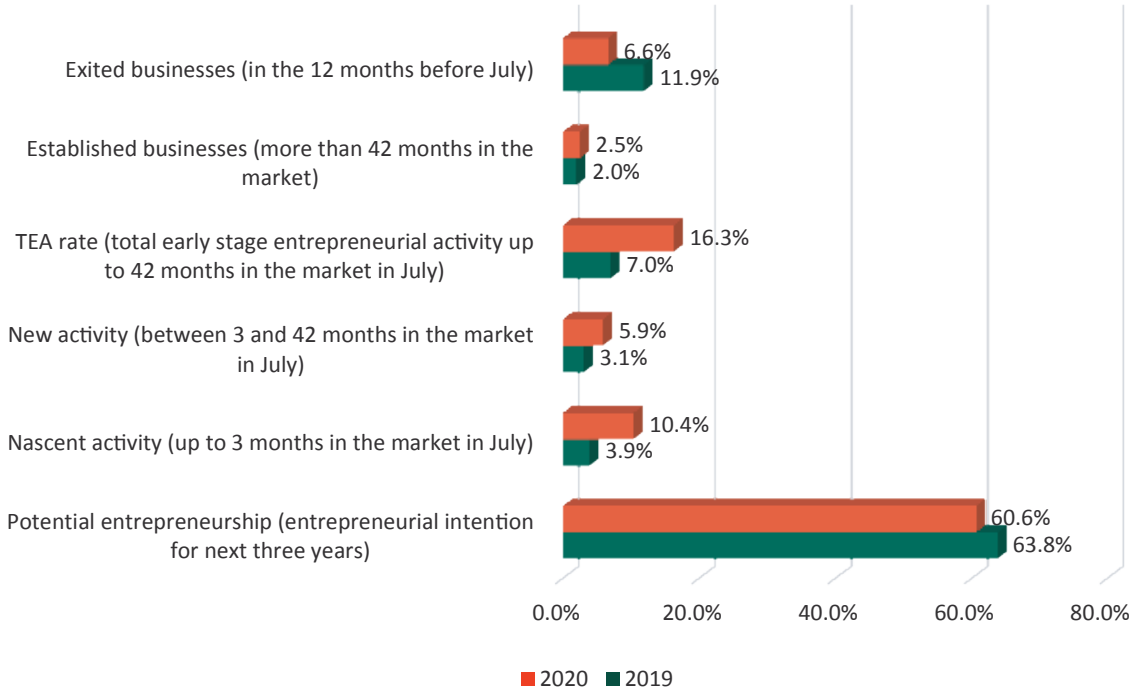
5.4 Longitudinal data for the main indicators of business development in Oman

Recognizing the importance of the measure, Figure 5-2 illustrates the progression of the main indicators of effective business-creation process. The Sultanate of Oman first became a member of the GEM community in 2019. All indicators of activity experienced a positive position except for the potential entrepreneurial activity. The most significant observation is the rates of nascent activity and exited businesses in the last twelve months that have improved tremendously. The overall result suggests that the performance of the consolidated business' activities in 2020 has been positive compared to 2019.

5.5 International position

Figure 5-3 shows that the Sultanate of Oman ranks second after Kuwait, regarding the inten-

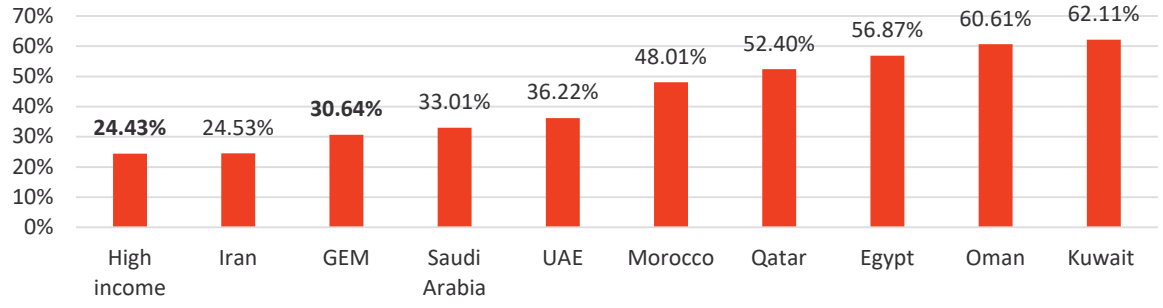
Figure 5-2: Longitudinal for the main indicators of business development in Oman

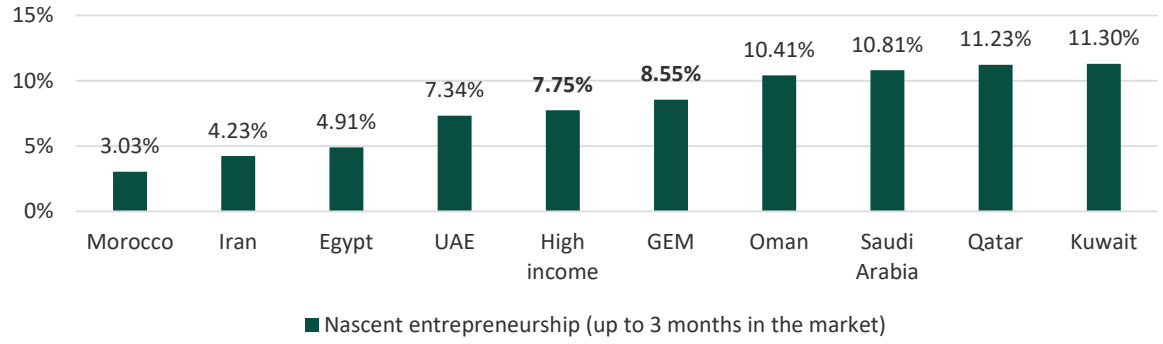


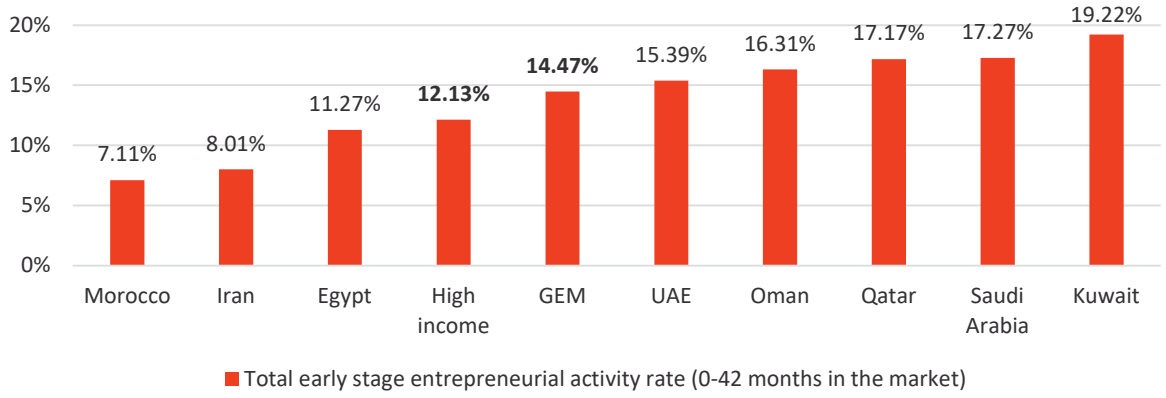
tion of starting up a new business within the next three years. As the Covid-19 pandemic continues, the indicator of entrepreneurial intention tends to decrease. The results suggest that Oman is continuing to enjoy a high entrepreneurial cultural background despite the pandemic, followed by Egypt, Qatar, Morocco, UAE, and Saudi Arabia.

Next, the Sultanate of Oman's nascent activity rate is closest to Saudi Arabia's rate, while Kuwait shows the highest rate of all the countries. In turn, in 2020 the UAE shows the highest rate on new activity or early-stage activity in consolidation, followed by Kuwait and Saudi Arabia. In contrast, the Sultanate's rate is close to the GEM's rate and is quite distant from the rest of the countries.

Meanwhile, the TEA rate of Sultanate has increased because a high rate of Omanis who envisioned starting a business ended up doing so in 2020. This has given the Sultanate the fourth position in the ranking of this indicator, but close to the ranking for Qatar and Saudi Arabia. In turn, this year Kuwait shows the highest rate on total early activity or early-stage activity in consolidation.







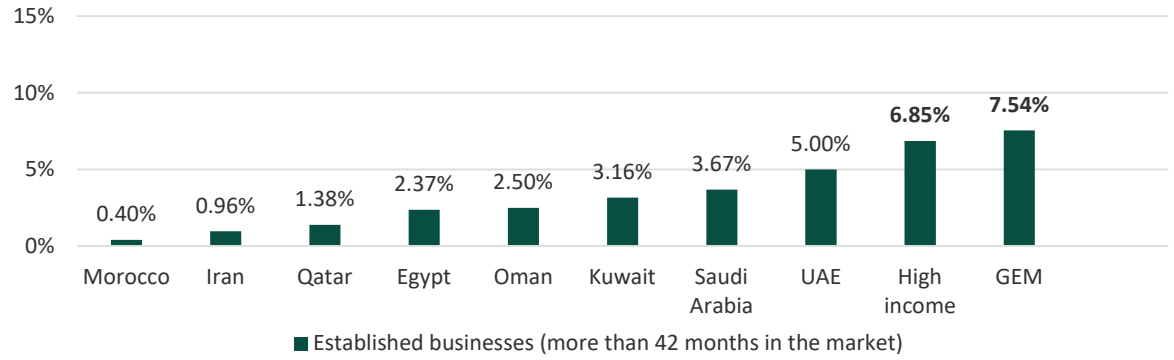


Figure 5-3: Oman: International position with respect to indicators of business activity

Finally, the increment of established activity placed the Sultanate closest to Egypt's rate, although it is still far from an intermediate position. In general, among the countries that are covered in this study, there is a high instability at this business stage, which suggests that significant transformations of businesses are occurring.

Meanwhile, the results in Figure 5-4 and Table 5-4 show the rates of effective business exit and discontinuation (business definitively exiting the market) exceeding the rates of exit and discontinuation where the business continues in others' hands. In addition, all the rates are above the GEM average (except those of Morocco and Iran), which indicate that there is significant business instability in the countries covered. Indeed, Kuwait, Oman and Egypt show the highest levels of effective exit and discontinuation.

5.6 Entrepreneurial employee activity

Entrepreneurial employees, or "intrapreneurs", are responsible for identifying, developing and pursuing new business activities as part of their job within their existing organizations. Accord-

Table 5-4: Oman: international position with respect to detailed indicators on business exit and discontinuation

	Exit and discontinuation (Total, %)	Business continues in other hands (%)	Business exited the market (%)
Iran	4.1%	3.2%	1%
High income	5.1%	3.6%	1.5%
Morocco	6%	5.6%	0.4%
GEM	6.6%	5%	1.6%
Qatar	7.7%	6.3%	1.4%
Saudi Arabia	9.2%	5.6%	3.7%
UAE	9.6%	4.6%	5%
Oman	10.8%	8.1%	2.7%
Egypt	11.2%	8.8%	2.4%
Kuwait	12.4%	9.2%	3.2%

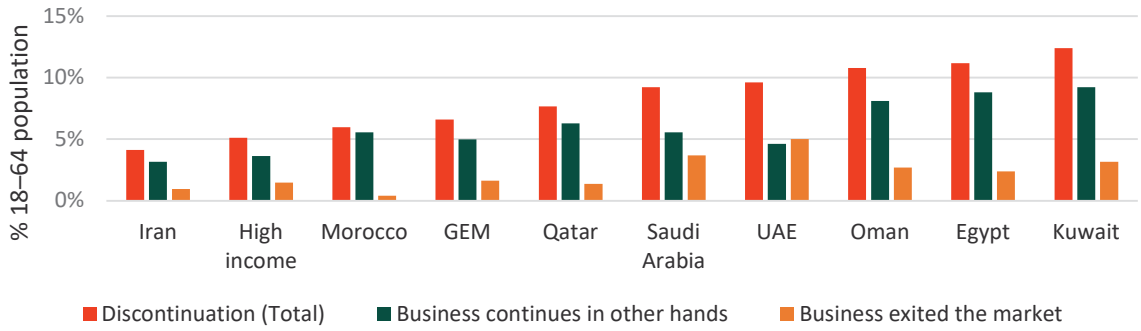


Figure 5-4: Oman: International position with respect to detailed indicators on business exit and discontinuation

ing to Kasturi et al. (2019), intrapreneurship is an effective way of gaining and maintaining a competitive advantage in the dynamic business environment. For this purpose, the GEM asks whether individuals are developing new activities for their employers, such as developing or launching new goods or services, or setting up a new business unit (Entrepreneurial Employee Activity: EEA). Table 5-5 shows the results of the annual indicators related to intrapreneurship that have been provided by GEM regarding the Sultanate of Oman for 2020. Based on the results, 0.79% of the adult population (representing 1.53% of the employee population) have been involved in intrapreneurship activities, acting as leaders of new business developments for their employers in the past three years. This indicator, however, has decreased by 32.48% from 2019. Meanwhile, about 0.55% (representing 1.05% of the employee population) were active in such activities and roles in 2020. However, this indicator has increased by 48.65% from the 2019 indicator.

Next, the intrapreneurial activity in the Sultanate is considered new, judging from the results shown in Table 5-6 for 2020. Only 0.50% of intrapreneurial activities in the national market had a relevant impact by introducing a new product or service during the last three years, which represents 0.05% of the activities of the current year. Indeed, none of these activities achieved an impact at international level. However, 0.30% of the businesses developed during the last three years and 0.20% of the current year achieved a turnover higher than 0.05% on export intensity. Lastly, 0.15% of the activities of the last three years are expected to create more than 19 jobs in five years, while in the current year, 0.10% has this type of expectation.

Table 5-5: General indicators on intrapreneurship (employees' entrepreneurial activity) for Oman in 2020

General indicators on intrapreneurship or entrepreneurial activity of employees over the adult population (age 18-64)	%
Percentage of adult population: involved in intrapreneurship - leading role - active in past 3 years	0.79
Percentage of adult population: involved in intrapreneurship - leading role - active now	0.55
General indicators on intrapreneurship or entrepreneurial activity of employees over the employee population	**%**
Percentage of employed: involved in intrapreneurship - leading role - active in past 3 years	1.53
Percentage of employed: involved in intrapreneurship - leading role - active now	1.05

Table 5-6: Intrapreneurship indicators: complementary results for Oman in 2020

Impact of intrapreneurial activity developed during the last 3 years	%
Active and leading as intrapreneur in past three years: at least national scope for market and at least national scope for new product	0.5
Active and leading as intrapreneur in past three years: at least international scope for market and at least international scope for new product	0
Active intrapreneur in last three years: significant export intensity (>10% of turnover)	0.3
Active intrapreneur in past three years: expects more than 19 jobs in 5 years	0.15
Impact of intrapreneurial activity developed the current year	**%**
Active and leading as intrapreneur now: at least national scope for market and at least national scope for new product	0.05
Active and leading as intrapreneur now: at least international scope for market and at least international scope for new product	0
Active intrapreneur now: significant export intensity (>10% of turnover)	0.2
Active intrapreneur now: expects more than 19 jobs in 5 years	0.1

5.7 Independent and sponsored intrapreneurial activity

Intrapreneurial employee activity is related to employees who focus on innovation, creativity and transformations in their organization, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or a subsidiary. Thus, intrapreneurs are inside-entrepreneurs who follow the goal of their organization. The Global Entrepreneurship Monitor (GEM) has traditionally focused on the attributes, motivations, and ambitions of individuals who are starting or running new business ventures less than 42 months old. However, recently, GEM has begun to look at adjacent areas of sponsored intrapreneurial activity in an organization, that is, initiatives that are not completely independent but partly-owned by an employer.

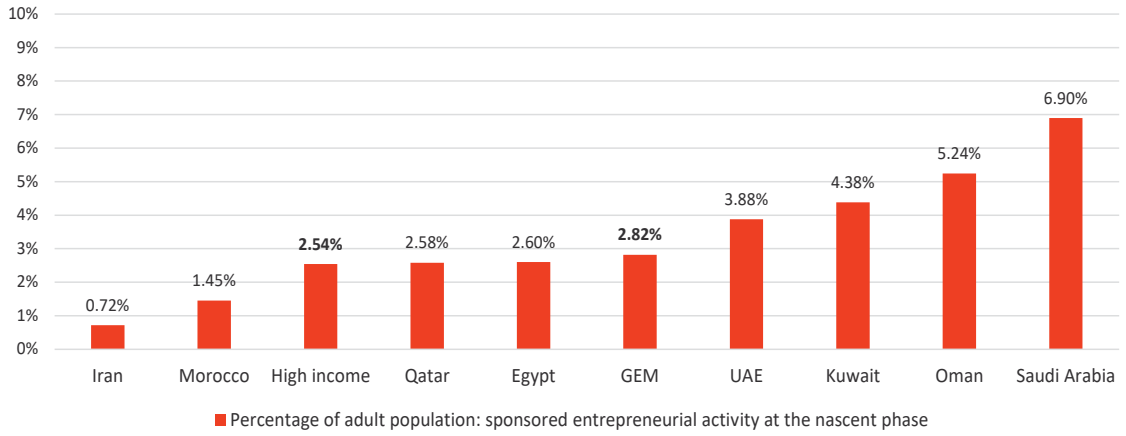
The results in Table 5-7 show that the percentages for the nascent phase under the independent and sponsored activity of business creation and development in the Sultanate of Oman for 2020 are 5.17% and 5.24% respectively. These figures have increased by 63.63% and 38.81% respectively, in comparison to the 2019 figures. The results show that, in the Sultanate of Oman, a significant part of entrepreneurial activity, especially at the new stage, is sponsored and not just started by an independent entrepreneur. Moreover, many financial support programs by the Oman government have assisted those entrepreneurs. The established phase for independent activity has a percentage of 0%, while, the sponsored activity of business creation and development has a percentage of 2.14%. Overall, the importance of these results is to confirm the existence of these types of sponsored activities in the Sultanate of Oman.

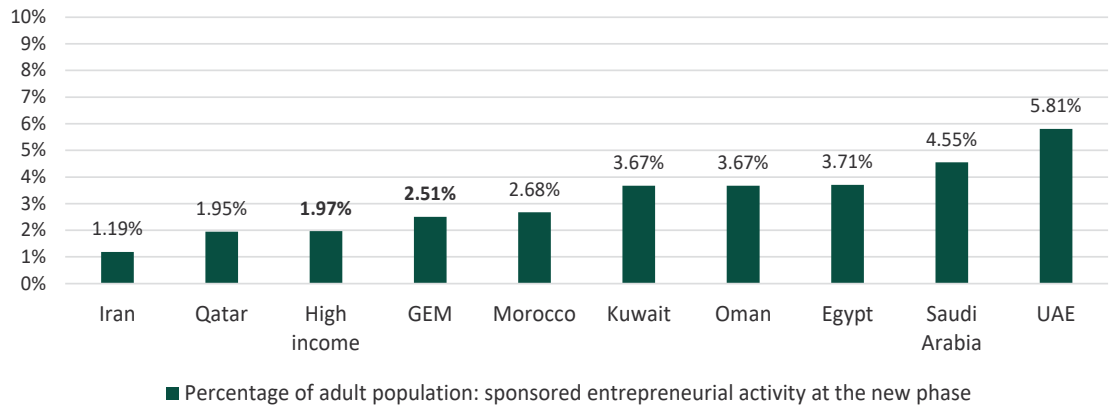
Indeed, the Sultanate of Oman ranks in the second position at the nascent phase and in fourth position at the new phase among the countries in the geographical zone, as seen in Figure 5-5. Saudi Arabia stands out in both phases of the nascent and established, while

Oman stands at an intermediate position, that is, below high-income and GEM rates, at the established sponsored entrepreneurial activity of 2.14%, which is slightly lower than that of Qatar.

Table 5-7: Rates of independent and sponsored intrapreneurial activity at different phases in Oman in the year 2020

Independent activity at each phase of business creation and development			
Nascent	New	TEA (total)	Established
5.17%	2.23%	5.17+ 2.23 = 7.4%	0%
Sponsored activity at each phase of business creation and development			
Nascent	New	TEA (total)	Established
5.24%	3.67%	5.24 + 3.67 = 8.87%	2.14%
Percentages of adult population aged 18–64 involved in each phase			





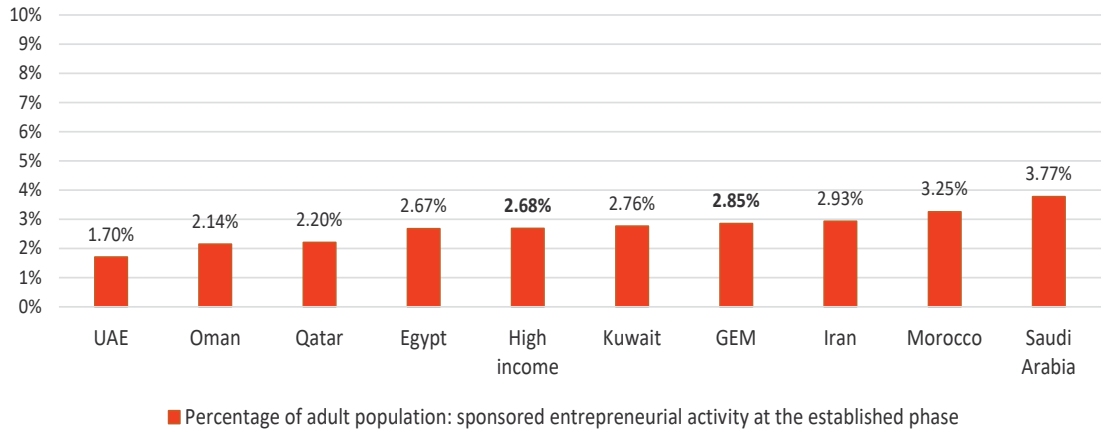


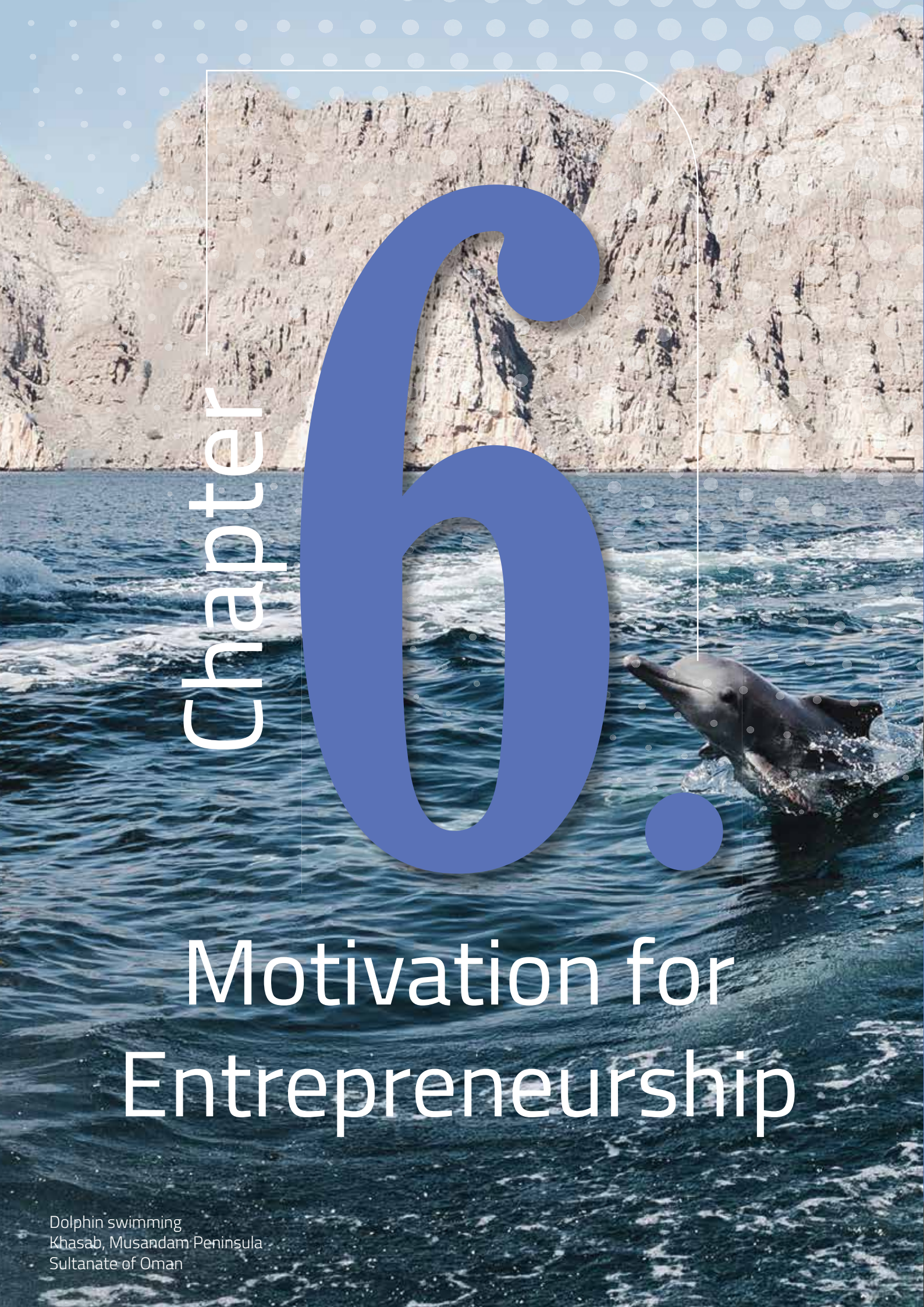
Figure 5-5: Oman: international position with respect to indicators on sponsored intrapreneurial activity at nascent, new and established phases (Percentage of adult population)

Reference

Kasturi Thilagam Nagappan, T. B., & Saini, J. K. (2019). Prerequisites of Intrapreneurial Activities: A conceptual Model. *International Journal of Business and Psychology,* 1(2), 53–60. https://www.ilearnlot.com/intrapreneurs-is-inside-an-entrepreneurs/46855/

A Successful Story: Makers Oman- A center to support education and empower manufacturing

Endeavours of Makers Oman, Muscat's newest flagship makerspace, which opened its doors at Innovation Park Muscat (IPM) in January. A joint initiative of IPM and The Ministry of Fince, the project saw the creation of a world-class makerspace ecosystem at Innovation Park Muscat, creating a facility that provides leading edge equipment, systems and practices to the nation's innovators and start-up communities. With an open-access workshop, a prototyping lab and fabrication studio, Makers Oman has created a home for innovation and entrepreneurship, and a platform for industry and academia right on campus at IPM. Funded as part of a partnership agreement with The Ministry of Finance and Bell Textron Inc. and delivered by Makerspace People Ltd (MSP), Makers Oman has been supplied with an extensive and state of the art equipment suite, including laser cutters, 3D printers, printed circuit board fabrication mill and tooling, MIG and TIG welding, a water jet CNC and many other sophisticated prototyping and fabrication tools. This hardware is complemented by advanced computer-based modelling and design software, providing everything needed to create advance prototypes for multiple industry sectors, such as oil and gas, medical, engineering, electronics, agriculture and aviation industries.



Chapter 6.

Motivation for Entrepreneurship

Dolphin swimming
Khasab, Musandam Peninsula
Sultanate of Oman

6.1 Introduction

Motivation for entrepreneurship is a key factor in determining the quality of entrepreneurial activities. GEM analysed this factor from the very beginning offering indicators classifying individual initiatives as motivated by opportunity, necessity, a mixture of both, and other motives. However, this simplistic approach, although useful, is unable to capture the complexity of the reasons behind the decision to start a business.

In developing countries, the factors that motivate most entrepreneurs to start a business varied differently between social and economic factors, perception to be self-employed and independent (own boss), and desire to be recognized (Magd and McCoy, 2014). Despite the pandemic affecting many aspects of people's life in Oman, the Global GEM report suggests there could be many Omanis pursuing entrepreneurship for factors unrelated to the pandemic. One reason is the pandemic led to a drop in oil price, Oman's main economic revenue (see Oman Ministry of Energy and Minerals 2021). This eventually limits both government and private sector's capacity to create new jobs for the increasing number of graduates. According to Oman National Center for Statistics and Information, the number of students enrolled in the HE sector increased from 118.3 thousand in 2014 to 119.2 in 2019. This scarce-jobs situation which worsens by the increasing number of graduates, motivates youngsters to find

alternatives through entrepreneurship. The other reason is that elder people choosing to retire, due to the changes in government structure and expected work law, motivates many of them to start their own businesses.

The GEM's adult population questionnaire has asked people involved in business to what extent they agreed with up to four reasons to have undertaken their business, whether to make a difference in the world, to build great wealth or a very high income, to continue a family tradition, or to earn a living because jobs are scarce. As expected, most of the respondents have agreed with more than one of these options, proof that the decision to undertake is usually configured for various reasons. The results of this research are shown in the next subsections. The reader must take into consideration that the percentage results are derived from a multi-response prospection across the population of nascent, new and established entrepreneurs.

6.2 Prevalence of different motivations for entrepreneurship among the Omani population during 2020

The four prevalent motivations to start-up, consolidate or own and manage a business in Oman which were used in 2019, were used in 2020.

1. To earn a living because jobs are scarce.
2. To build great wealth or a very high income.
3. To continue family tradition.
4. To make a difference in the world.

These are among the four proposed by GEM this year in all entrepreneurial stages (see Figure 6-1).

To earn a living because jobs are scarce remains the most cited reason in 2020 in the nascent and total early-stage entrepreneurial activity (TEA) stages. However, unlike in 2019, this motivation scored the highest citation among new entrepreneurs (those that have been in the market between 3 and 42 months) and nascent and established owner-managers. This indicates that the scarcity of jobs worsened in 2020 and that nascent and established owner-managers who showed less certainty in choosing this reason in 2019, showed more certainty in 2020.

Similar to 2019, to build great wealth or a very high income is the second most cited reason in 2020. What is different is that this reason was the highest in the new stages, but somewhat more prevalent among TEA entrepreneurs in 2019, whereas it is the highest across all four motivations in 2020. The increase in the desire for creating wealth and high income is an expected outcome of the increase in the awareness of the significance of entrepreneurship capability to generate wealth. Multiple knowledge channels, e.g., social media, promote successful entrepreneurs' stories. This subsequently inspires people to look at entrepreneurship as a pathway for quick wealth and high income in comparison to regular employment which cannot guarantee building wealth as quickly as some might wish. Ironically, these same knowledge channels mostly promote the positive side of the story. The failure rate of entrepreneurship and SMEs is high.

Finally, unlike in 2019, the continuation of a family tradition is cited slightly higher than to make a difference in the world in 2020. Despite the insignificant difference between the

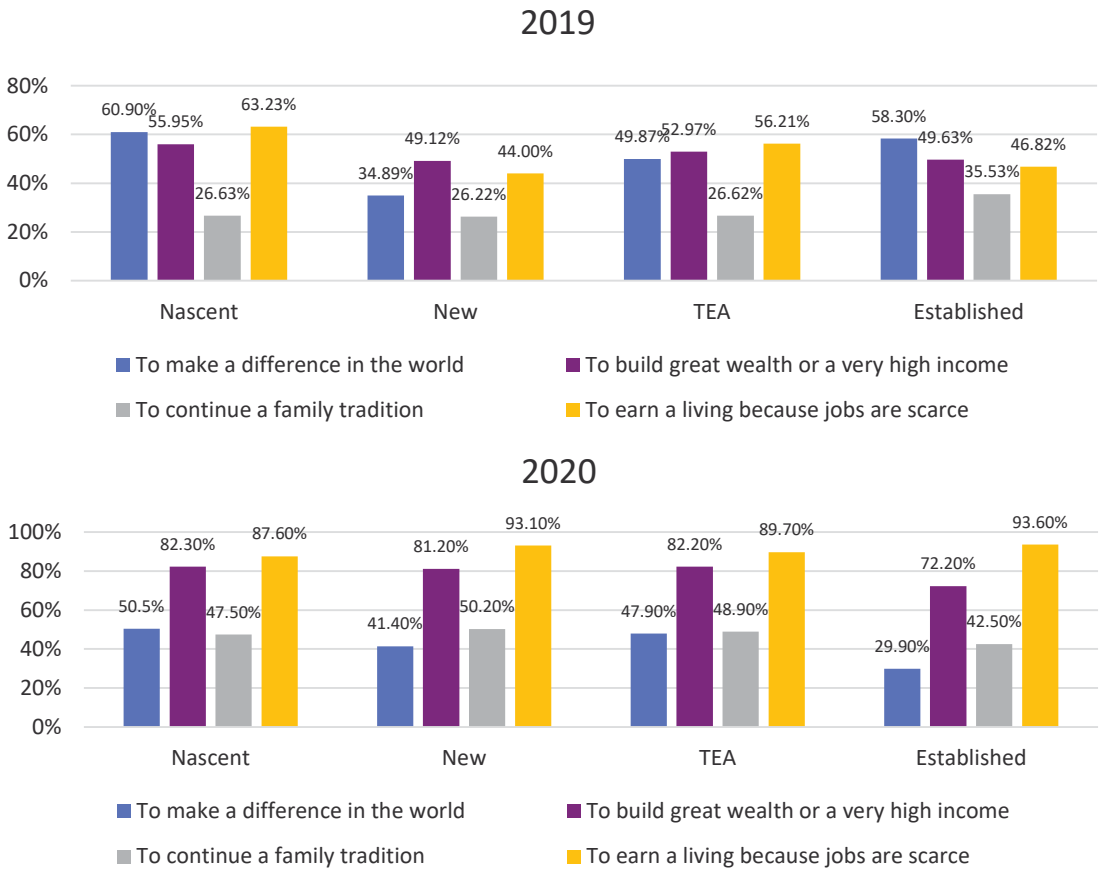


Figure 6-1: Prevalence of different motivations for entrepreneurship by entrepreneurial stage in 2020

two motivations, it could show that people start to look at their own internal affairs rather than to look at what they can do for the world. Making a difference in the world is important for entrepreneurship simply because successful entrepreneurship targets across the borders. With the fourth industrial revolution of applications and solutions, e.g., Internet of things, big data, and block chain, the entrepreneurial mind-set thinks abroad and develops new product or services to the local and international markets.

Figure 6-2 shows the same results by gender at the early stage of the entrepreneurial activity. There is no significant difference in the results between 2019 and 2020. In Oman the main motivation to get involved in businesses for both males and females is to earn a living because jobs are scarce. It is followed by a need to build a greater wealth or a very high income for both males and females, unlike in 2019 where, for females, it was followed by wanting to make a difference in the world. This can be interpreted that financial motives and earning a living are the main concern for both men and women in Oman where securing a job with living wages is a challenge. The unemployment rate increases every year due to increases in graduate numbers along with slow economic growth. Making a difference in the world was significant for females in 2019. However, the reliance on females for supporting the family is increasing, which makes the females shift their intention for surviving and developing a way of living side by side with males. The conclusion is that gender is becoming similar in determining the same motivation in Oman, as both males and females looked first for a way of making a living, second for making money, third for continuing a family tradition, and finally for making a difference in the world.

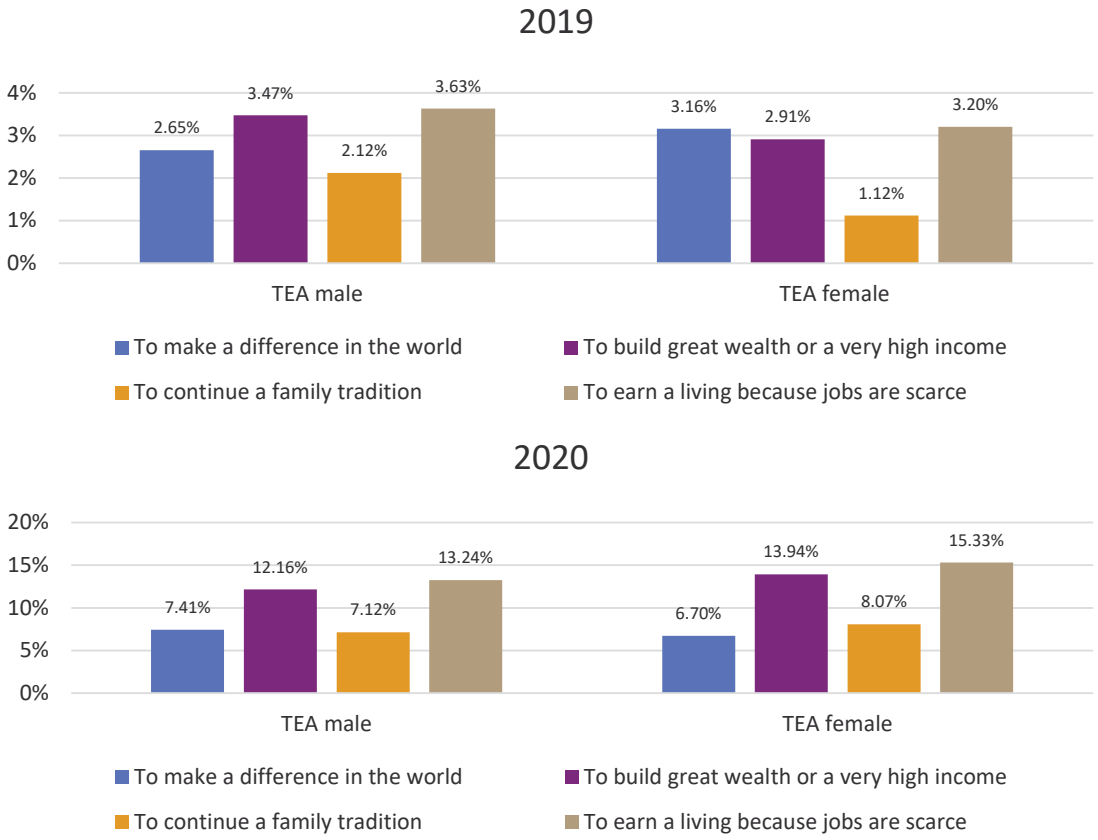


Figure 6 -2 : Prevalence of different motivations for entrepreneurship by gender at the early stage in 2020

6.3 International position about motivations for entrepreneurship the year 2020

There are some differences when comparing Oman to other countries of the zone. Since Kuwait joined the GEM in 2020, there has been a slight decrease in GEM averages, which reveals that there are still cultural differences regarding the motivations to start-up businesses.

Focusing the analysis on early stage (TEA) entrepreneurs, we can see that starting-up to make a difference in the world (see Figure 6-3) is a reason more often expressed among entrepreneurs in GCC states, particularly Saudi Arabia, UAE, and Oman, than among those in Morocco and Iran. GCC states are categorised as high-income, more opened countries that embrace technology and information systems. In Oman, regardless of the higher rate than most countries in the figure, this reason is not as significant as earning a living and making wealth.

Building great wealth or a very high income is a much more common motivation to start-up a new business among GCC entrepreneurs in comparison with Morocco and Egypt. Iran is at the top of the rank with almost 98% of positive identification of this motivation. Saudi Arabia and Oman come next while Morocco, similar in 2019, closes the rank with a much more discrete proportion provided by 11.7% of the adult population. Unlike in 2019, Oman appears above the GEM and remains above high-income averages similar to 2019, as shown in Figure 6-4.

To continue a family tradition is the most prevalent motivation to undertake entrepreneurship in Morocco, Saudi Arabia, and Oman where family businesses still represent a notable proportion of firms in the market. Sim-

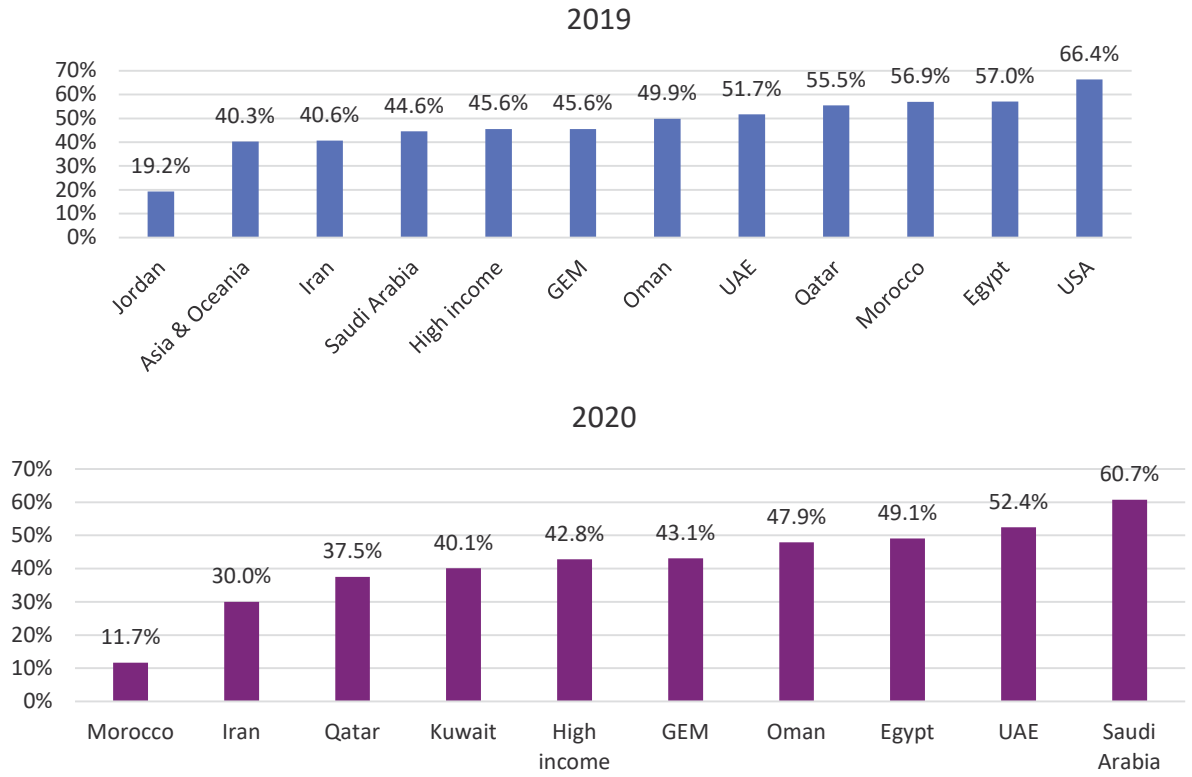
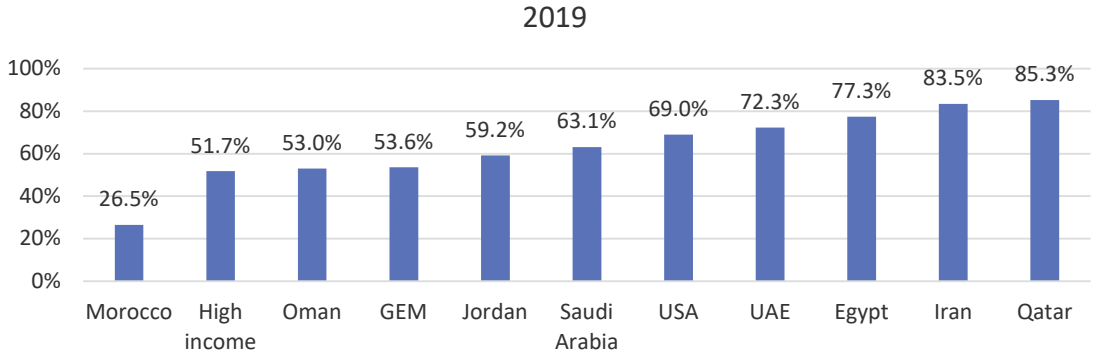


Figure 6 -3 : International position on motivation "to make a difference in the world" for early-stage (TEA) entrepreneurs in 2020

ilar to the results in 2019, all Middle East countries in 2020, including the GCC states, enjoy an extended family business tradition as shown in Figure 6-5. This could explain why the proportion of recent entrepreneurs linked to family businesses in high-income and GEM countries is below that of the Middle East countries.

To earn a living because jobs are scarce is the most prevalent motivation for early stage entrepreneurs in Oman and Saudi Arabia. The rate is very high in these countries so, taking it as the closest indicator to the necessity for entrepreneurship, it reveals that those societies are where entrepreneurship is contributing to alleviating the need for job creation to a greater degree. Unlike in 2019, Oman is in the above high-income averages in the GEM position in 2020, as shown in Figure 6-6. As explained earlier, there is an increase in the awareness of activities that introduce entrepreneurship as an alternative for paid employment. More Higher Education Institutions offer Entrepreneurship Education as a mandatory course for all students. The course works to shift Higher Educa-



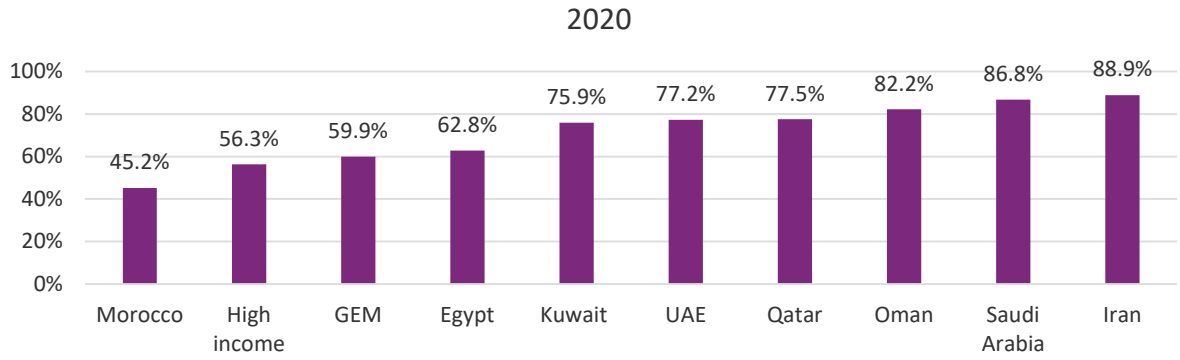


Figure 6-4 : International position on motivation "to build great wealth or a very high income" for early-stage (TEA) entrepreneurs

tion graduates' intentions to the SMEs sector in order to reduce the pressure on government limited jobs. Furthermore, more government and non-government agencies, alongside the agencies that are responsible for entrepreneurship, such as the SMEs authority, started to promote entrepreneurship. For example, the Ministry of Higher Education, Research and Innovation, and the Ministry of Transportation, Communication and Information Technology created units in their new structures for entrepreneurship. In addition, many Higher Education Institutions have recently opened entrepreneurship centres or offices, as has the University of Nizwa. Some institutions established majors, such as A'Sharqiah University which established a Bachelor of Business Administration in Team Entrepreneurship.

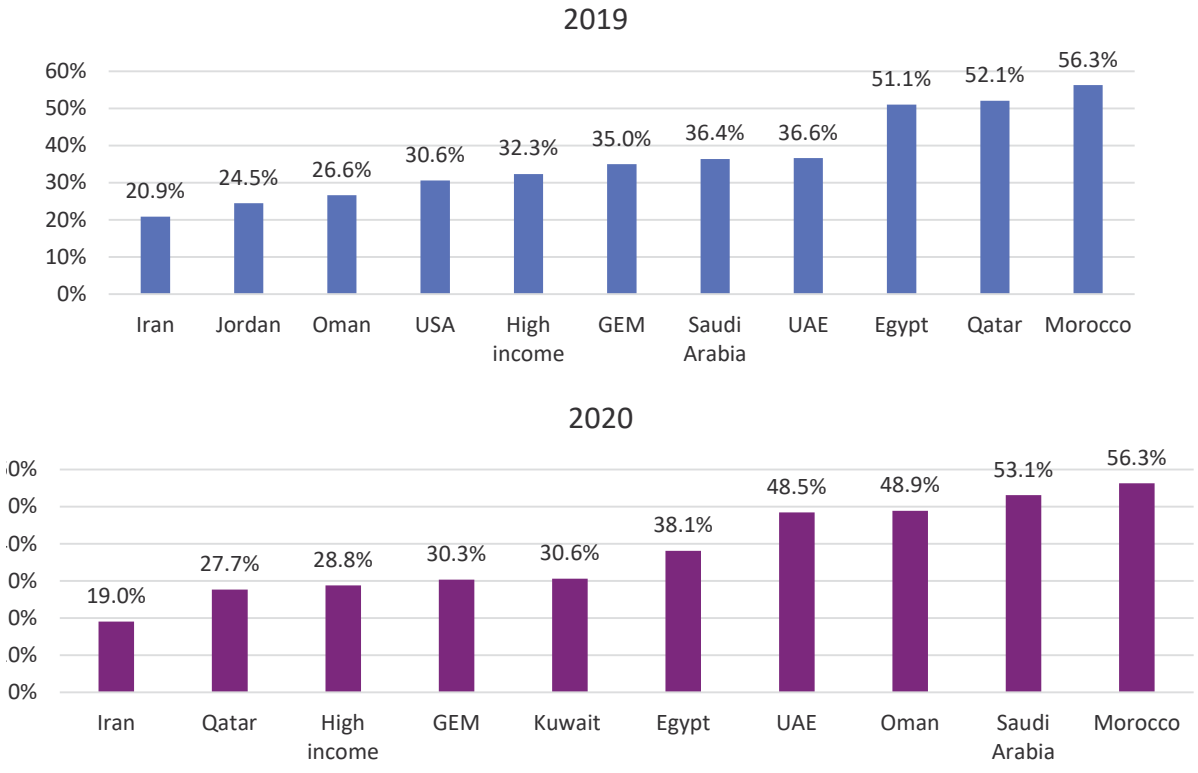


Figure 6- 5 : International position on motivation "to continue a family tradition" for early-stage (TEA) entrepreneurs in 2020

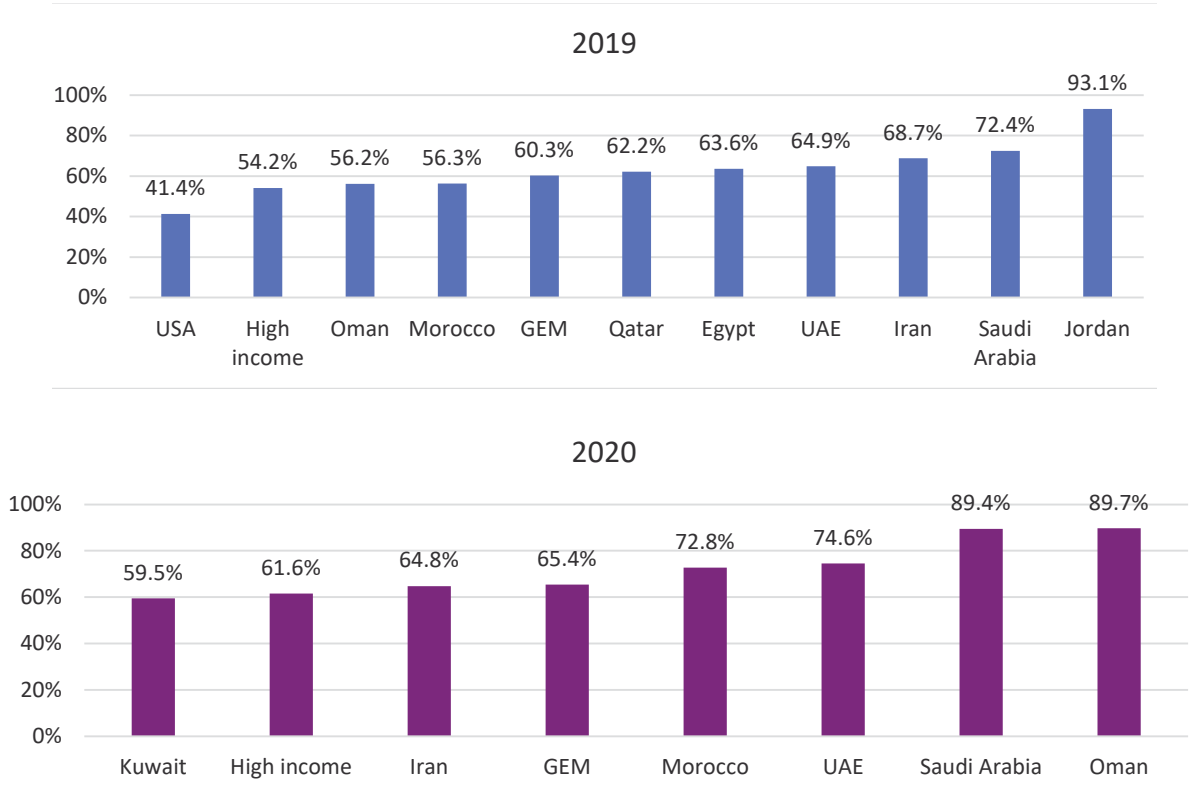


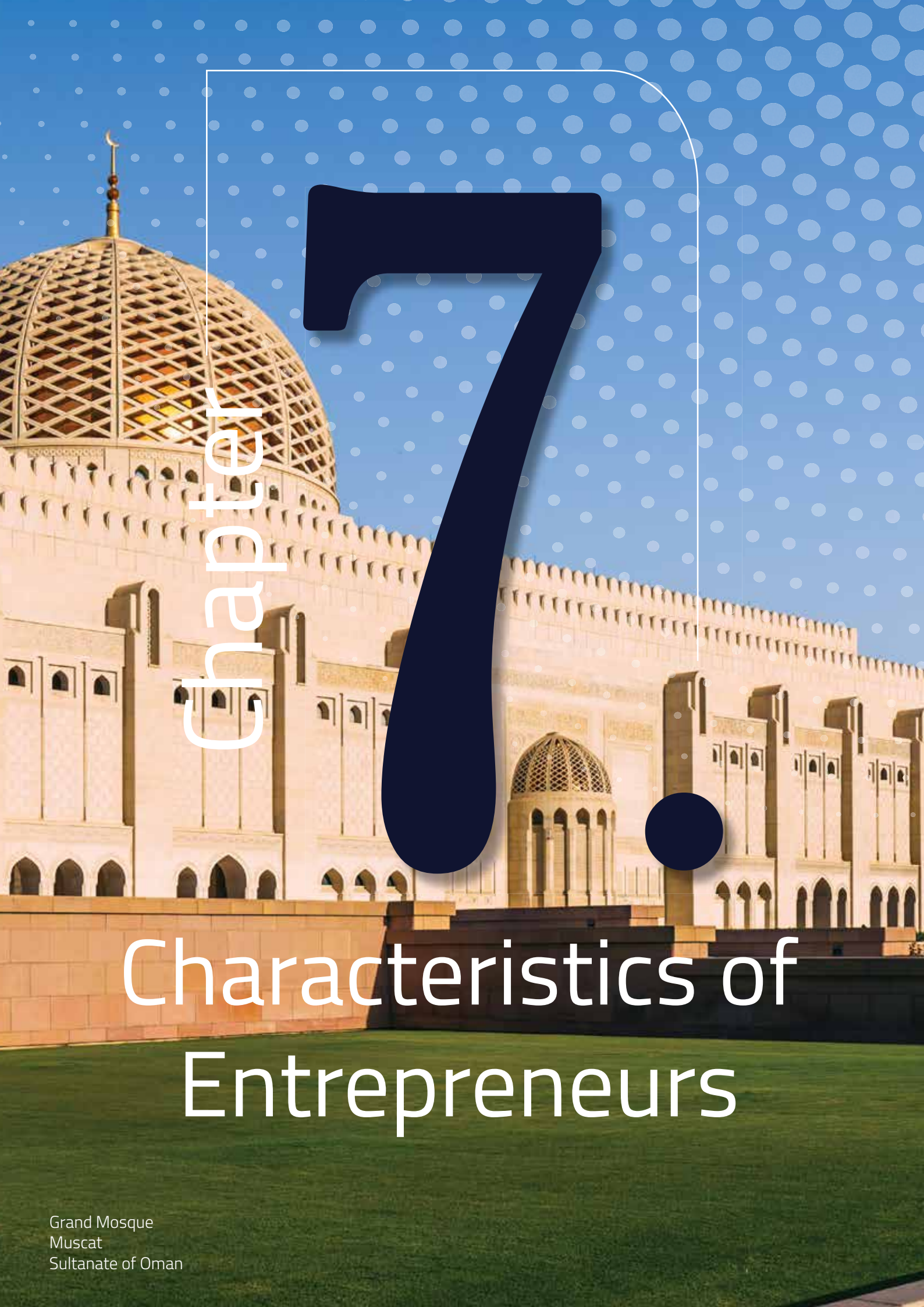
Figure 6- 6 : International position on motivation "to continue a family tradition" for early-stage (TEA) entrepreneurs in 2020

References

Magd, H. A. and McCoy, M. P. (2014). Entrepreneurship in Oman: paving the way for a sustainable future. ***Procedia Economics and Finance*** 15, pp. 1632-1640.

National Center for Statistics and Information. (2020). ***Higher Education Statistics.*** Oman: National Center for Statistics and Information,.

Oman Ministry of Oil and Minerals. (2021). ***Oman Oil Price*** [Online]. Available at: www.mog.gov.om [Accessed: 22/1/2021].



chapter 7.

Characteristics of Entrepreneurs

Grand Mosque
Muscat
Sultanate of Oman

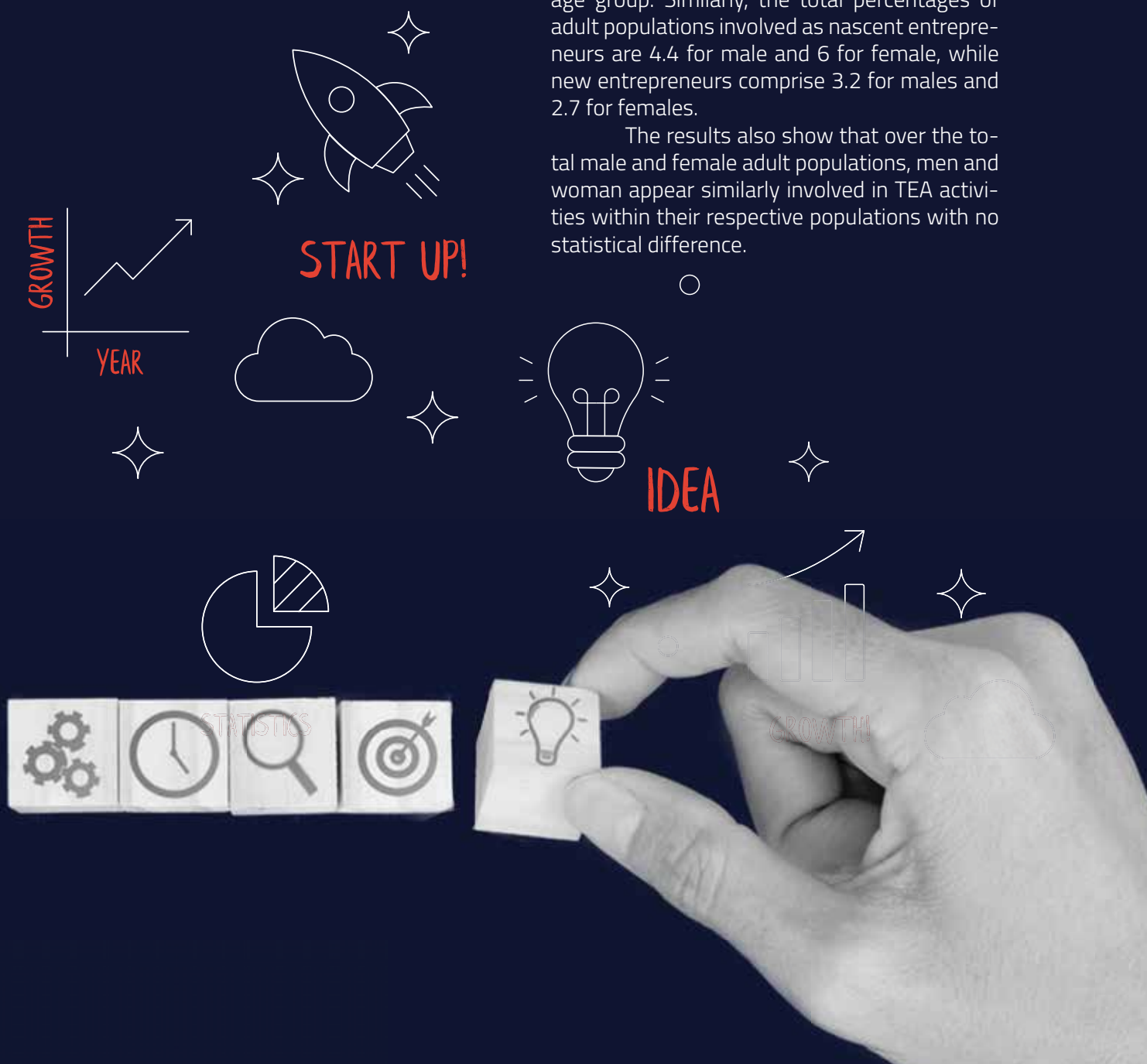
7.1 Introduction

GEM estimates its pull of indicators thanks to collecting primary data, one of its strengths that make it unique. This strategy allows the opportunity to collect information on specific characteristics of entrepreneurs, owner-managers, informal investors, intrapreneurs, and the rest of the adult populations in Oman. This detailed information provides a standardized profile of the protagonists of the entrepreneurial process and helps researchers, policy makers, media, and other agents interested in the field to follow its evolution, work on inequalities, youth future, better regulations and the like. The next sections show the personal characteristics of Oman entrepreneurship in 2020.

7.2 Gender

Table 7-1 shows male and female participation on early-stage entrepreneurial activity (TEA), taking as a base the total adult population on the one hand, and the male and female adult populations on the other. This results show that 7.4% of male adults in the age group 18-64 years are involved in TEA activities as compared to 8.6% of the female population of the same age group. Similarly, the total percentages of adult populations involved as nascent entrepreneurs are 4.4 for male and 6 for female, while new entrepreneurs comprise 3.2 for males and 2.7 for females.

The results also show that over the total male and female adult populations, men and woman appear similarly involved in TEA activities within their respective populations with no statistical difference.



The study also shows that the main motive for involvement in entrepreneurship activities for both males and females is to earn a living because jobs are scarce. Table 7-1 shows that 41.9% of adult males and 47.5% of adult females declared their reason for involvement was to earn a living because jobs were scarce. The study also shows that 38.6% of males and 43.6% of females owe their involvement to the desire to build great wealth or very high income. Similarly, the motive of 25.3% of males and 22.6% of females is to make a difference in the world. This result implies that there is no statistical difference between male and female motivations for involvement in entrepreneurial activities in Oman.

Table 7-1: Participation in early-stage entrepreneurial activity and reasons for it by gender in Oman

Male	Base: total population 18–64	Base: male population 18–64
Involved in TEA	7.4%	14.7%
Nascent entrepreneurs	4.4%	8.8%
New entrepreneurs	3.2%	6.4%
Male: motives	Base: TEA male in the total population 18-64	Base: male population 18–64
To make a difference in the world	25.3%	54.7%
To build great wealth or very high income	38.6%*	83.7%*
To continue a family tradition	23.1%	50.7%
To earn a living because jobs are scarce	41.9%*	91.2%*
Female	Base: total population 18–64	Base: female population 18–64
Involved in TEA	8.6%	17.5%
Nascent entrepreneurs	6%	12.1%
New entrepreneurs	2.7%	5.5%
Female: motives	Base: TEA female in the total population 18-64	Base: male population 18–64
To make a difference in the world	22.6%	42.1%
To build great wealth or very high income	43.6%*	80.8%*
To continue a family tradition	25.6%	47.1%
To earn a living because jobs are scarce	47.8%*	88.4%*

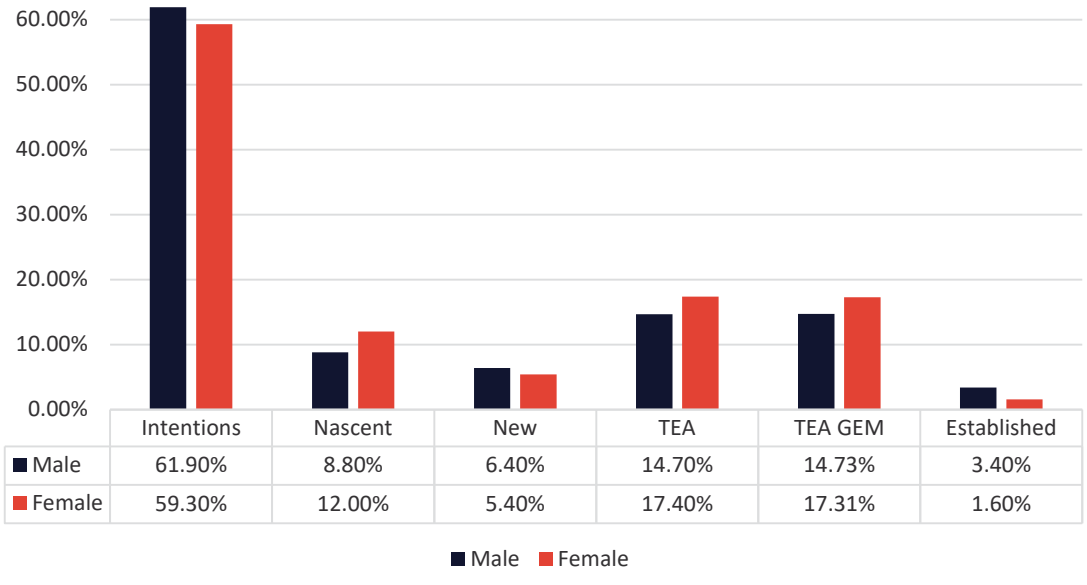
* Gender differences are statistically significant at 95% of confidence in Chi Square tests

The Figure 7-1 shows graphically the recent evolution of the main indicators of early stage entrepreneurial activities among the male and female populations. It has been seen that a significant percentage of female populations (17.4% for TEA and 12% for nascent entrepreneurs) are involved in entrepreneurial activities. This result suggests that women are also empowered and actively participating in business and entrepreneurship activities. The result also shows that the percentage of males is slightly higher for intentions than females, around 62% and 59% respectively. For established businesses, only 1.6% of females owned businesses, compared to 3.4% of males. Oman's TEA is close to the average GEM TEA, as indicated in Figure 7-1.

7.3 Age and senior entrepreneurship

The Omani population is much younger, on average, compared with the population of other countries. Table 7-2 shows that the total average age of the population between 18 and 64 years is 34 years. This indicates that those involved in entrepreneurship are also, on average, younger than in other countries. The result shows that the average age of entrepreneurs is 34 years. The standard deviation for this means is 11.15. The average age of TEA entrepreneurs is 32 years (SD:10.19) However, established owner-managers are older in average (35 years) compared to the other categories of entrepreneurs. Finally, the average age of owner-managers who abandoned a business activity is around 34 years, a result coherent with main reasons to quit which do not include retirement. This result is quite surprising because the majority of entrepreneurs are very young—on average 34 years old. This may be due to business or entrepreneurship activities having started very recently. Oman is now facing a very high rate of unemployment—many of the newly educated young population, especially females, are not getting jobs. Therefore, a significant percentage of young and adult populations have been forced to be involved in entrepreneurial activities.

Figure 7-2 shows the entrepreneurial activities by age group in 2020. The result displays that, overall, the participation rates among the 18-24 and 25-34 year-old groups are the highest in intentions, nascent and new business. However, the participation rates among



	Intentions	Nascent	New	TEA	TEA GEM	Established
Male	61.90%	8.80%	6.40%	14.70%	14.73%	3.40%
Female	59.30%	12.00%	5.40%	17.40%	17.31%	1.60%

Figure 7-1: Entrepreneurial activities in the Oman by phase and gender 2020

the 25-34 and 35-44 year-olds are the highest for established owner managers: they are 3.40% and 3.20% respectively. This perhaps reveals the ambition of early or mid-career, particularly those who have accumulated some experience, networks and other resources that could be of value in starting a business.

Table 7-2: Mean ages for various entrepreneurial groupings in Oman

Collective	Mean age (years)	Age SD (years)
All population aged 18–64	34	11.15
Potential entrepreneurs	32	10.04
Nascent entrepreneurs	33	10.60
New entrepreneurs	31	9.53
TEA entrepreneurs	32	10.19
EB owner-managers	35	9.53
Exited business owner-managers	33	11.08

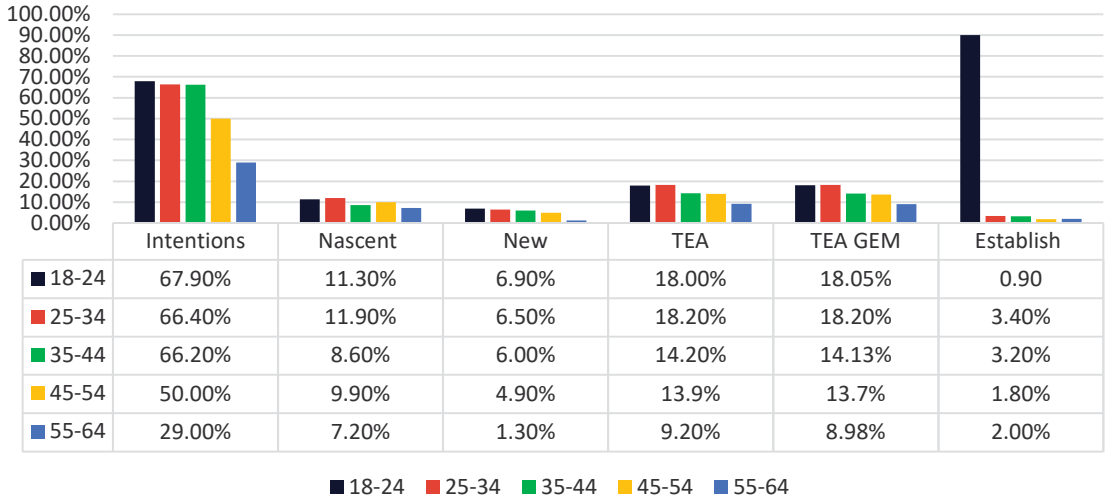
Senior entrepreneurship in Oman, measured as the proportion of the population aged 50-64 involved in TEA, has produced a percentage of 7.6. This percentage comprises 9.1% nascent entrepreneurs (operating in the market up to 3 months) plus 1.5% new entrepreneurs (operating in the market between 3 and 42 months), as presented in Figure 7-3.

Figure 7-4 illustrates the comparison of total early-stage Entrepreneurial Activity (TEA) by age group in 2019 and 2020. The result shows there was a dramatic increase in the percentage of participation of all age groups in early-stage entrepreneurial activity in 2020.

In general, in 2020 and 2019, the 18-24, 25-34 and 35-44 age groups were most likely to be involved in TEA. Participation decreased with older age groups; this is as expected, because older individuals, after experimenting with different businesses and jobs in their earlier years, have settled into businesses they want to maintain.

The motivation for developing early stage entrepreneurial activities among senior entrepreneurs shows a stronger focus on building great wealth or a very big income compared to the general distribution for all ages. This is a significant difference that indicates that at this age interval (50-64 years), in Oman, this motivation exceeds that of undertaking out of necessity (estimated at around 91.7%), as presented in Figure 7-5.

In conclusion, senior entrepreneurship is undertaken by 75% of men and 25% of women, whose average age is 54 years; that continues to make a significant contribution to early stage entrepreneurial activity in Oman,



	Intentions	Nascent	New	TEA	TEA GEM	Establish
18-24	67.90%	11.30%	6.90%	18.00%	18.05%	0.90
25-34	66.40%	11.90%	6.50%	18.20%	18.20%	3.40%
35-44	66.20%	8.60%	6.00%	14.20%	14.13%	3.20%
45-54	50.00%	9.90%	4.90%	13.9%	13.7%	1.80%
55-64	29.00%	7.20%	1.30%	9.20%	8.98%	2.00%

Figure 7-2: Entrepreneurial activities in the Oman by phase and age group 2020

with more than half of their businesses at the consolidation phase, with relevant presence in the transforming and consumer-oriented sectors, and being mainly motivated to build great wealth.

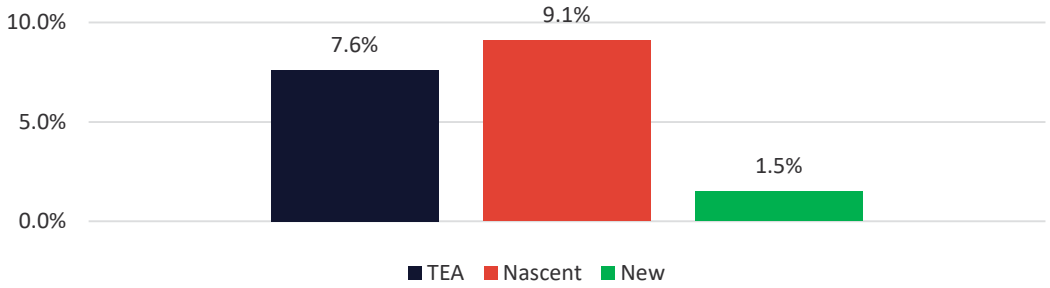


Figure 7-3: Evolution of main indicators related to senior early-stage entrepreneurial activity in Oman

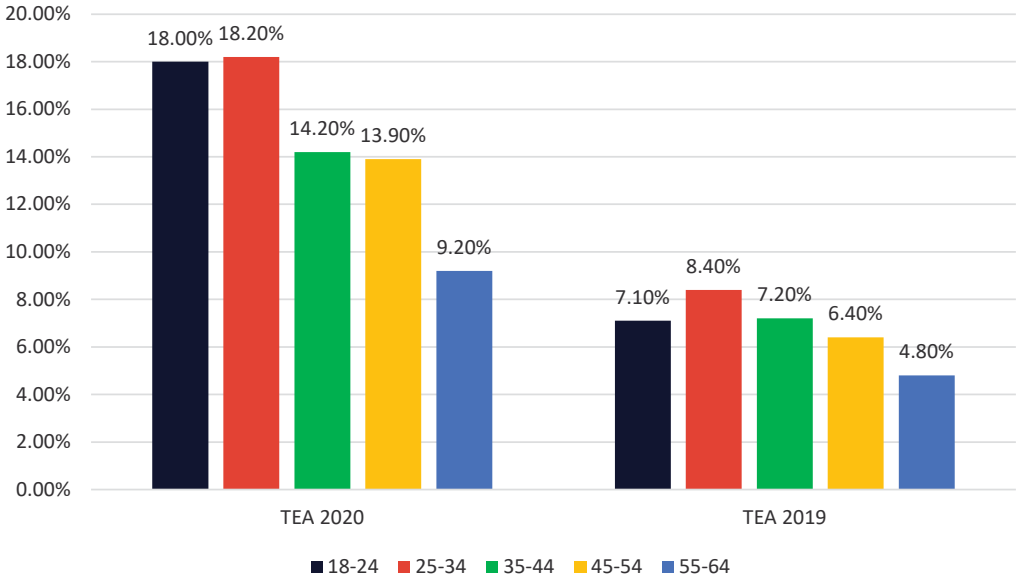


Figure 7-4: Changes in Total early-stage Entrepreneurial Activity (TEA) by age groups

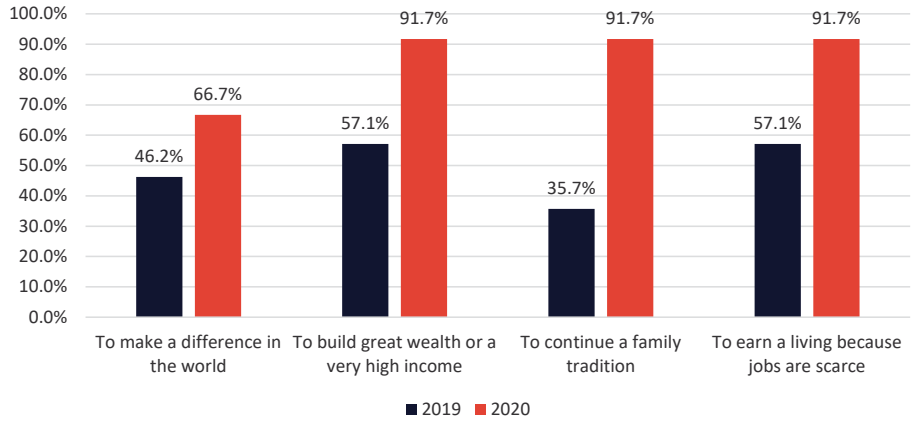


Figure 7-5: Motivation to develop early-stage entrepreneurial activity for senior entrepreneurs in Oman

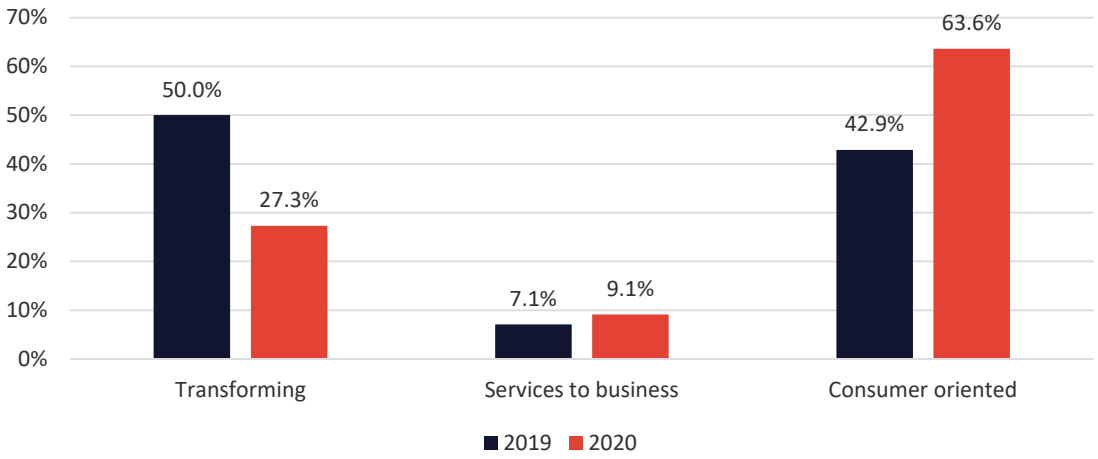
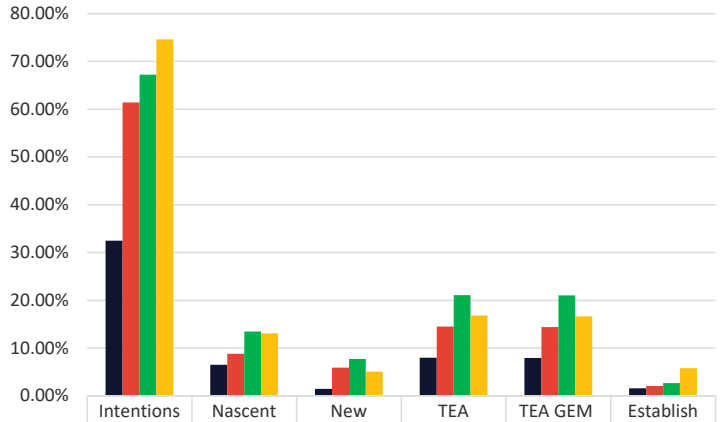


Figure 7-6: Sector of the early-stage entrepreneurial activities for senior entrepreneurs in Oman

7.4 Educational level

GEM classifies those involved in entrepreneurial and business activities according to three educational categories: none (the respondent did not finish any official educational program); secondary degree; post-secondary (the respondent obtained a professional or university degree); and graduate experience (the respondent holds a postgraduate diploma or doctorate). Figure 7-7 shows these distributions among the populations involved in intention entrepreneurship, nascent entrepreneurship, new entrepreneurship, TEA, and established activity. In general, the distribution of educational levels shows that in all entrepreneurial stages, post-secondary is the most predominant educational level except for intentions and established stages where graduate experience is the most dominant education level. Surprisingly, the majority of intentions is displayed at 74.6%, and 5.8% of established owner managers hold a postgraduate diploma or doctorate. This study also shows that, there are very few entrepreneurs without studies at all stages. This indicates that in the future the number of populations with graduate experience is more likely to be moving toward having an entrepreneurial or independent career.



	Intentions	Nascent	New	TEA	TEA GEM	Establish
None	32.50%	6.50%	1.50%	8.00%	7.97%	1.60%
Secondary degree	61.40%	8.80%	5.90%	14.50%	14.43%	2.10%
Post secondary	67.20%	13.50%	7.70%	21.10%	21.05%	2.70%
Graduate exp	74.60%	13.10%	5.10%	16.80%	16.68%	5.80%

Figure 7-7: Educational level: distributions for potential, nascent, new, early stage entrepreneurs and established owner-managers

7.5 Work status

Figure 7-8 shows GEM also classifies the percentage of the population involved in entrepreneurial and business activities by their work status. This variable is summarized in five categories: working full or part time; part time only; student; not working; and self-employed. Figure 7-8 illustrates the work status distributions for intention, nascent, new, early stage entrepreneurs and established owner managers. The result shows that the majority of full time or part-time workers are at the intentions stage of 65.5%, and the established owner managers are at 3.1%. All of the students, 100%, are at the intentions stage. The study also illustrates that the majority of part-time only, 62.4%, are at the intentions stage, while 14.9% are nascent and 5.7% are new entrepreneurs. Another important aspect is that, among those not working, 12.5% are nascent, 7.5% are new businesses, and 2.5% are established owner managers. Similarly, among the self-employed, 9.7% are nascent, 7.9% are new businesses, and 3.4% are established businesses. In contrast, in 2019 about 61.7% of established owner managers are either full time or part time workers, and 31.9% are self-employed professional.

7.6 Income

GEM classifies the entrepreneurial and business activities by their income level in three categories: lower 33rd percentile; middle 33rd percentile; and upper 33rd percentile. Figure 7-9 shows the distribution of income for intention, nascent, new, TEA entrepreneurs and established owner-managers in Oman. The result shows that the majority of all categories of entrepreneurs belong to the upper 33rd percentile. Another interesting aspect is that among the upper percentile, 64.6% are at the intentions stage, 14.5% are nascent entrepreneurs, 8.1% are new entrepreneurs, and 3.2% are established owner manager.

Surprisingly, the established owner-managers are suited at the lowest of all income categories and the intentions are placed at the highest of all income categories. In comparison, 30% of nascent entrepreneurs were at the lower percentile in 2019. Additionally, 68% of established owner-managers were situated at the upper percentile in 2019.

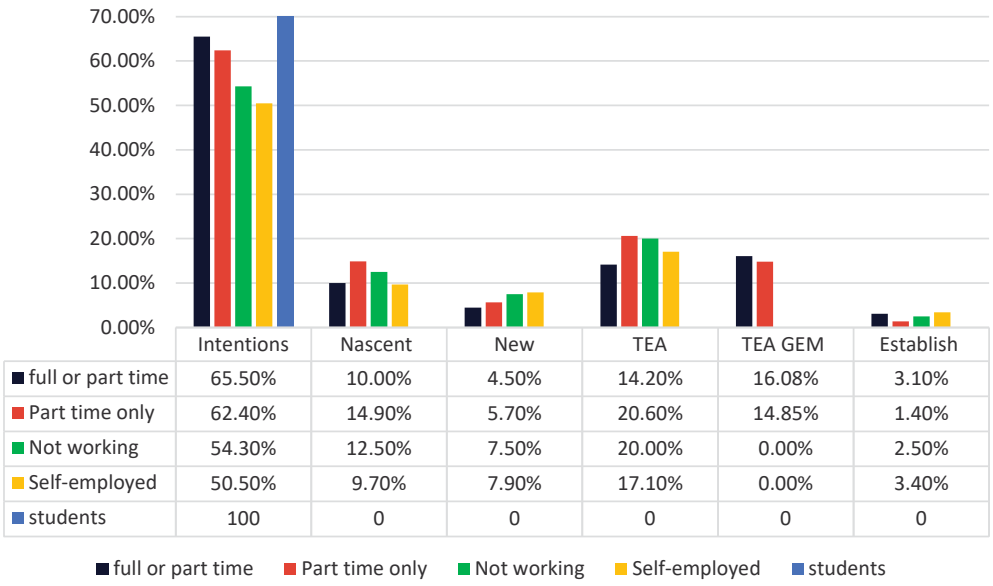
7.7 Household

To complete the socio-demographic profile of individuals involved in entrepreneurial activities, GEM surveys the size of their households in all stages of the entrepreneurial process. Figure 7-10 shows the average size of households of potential, nascent, new, and early-stage entrepreneurs, and established owner-managers. It shows that the average household size of new entrepreneurs is 9 members whereas the lowest family size is for nascent entrepreneurs. It shows also that the average household size of intentions is approximately 8 members, whereas the average family size for established owner managers is closer to 7 members. The result also illustrates that the average household size of TEA is nearly 8 members. In comparison the average household size of established owner managers was almost 8 members in 2019. Moreover, the average family size for early stage entrepreneurs was approximately 7 members.

7.8 International position

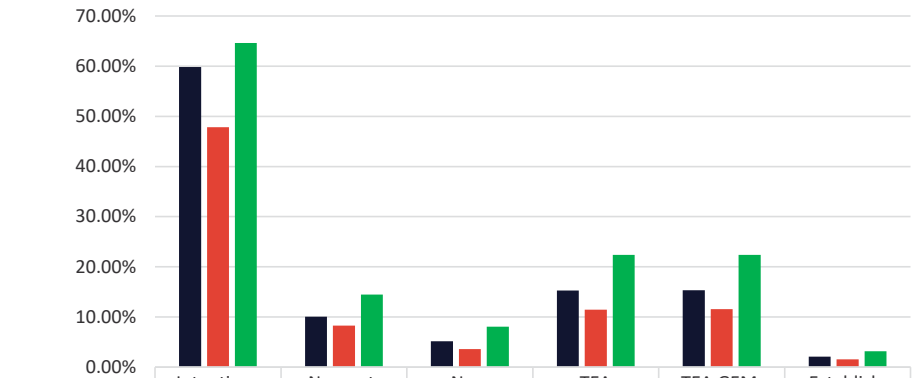
In this section, we show international ranks for selected countries of the influential zone of Oman, plus the USA, of the TEA rate by gender, age group, work status, educational level and income.

First, the results in Figure 7-11 show that female entrepreneurial activity is proportionally lower than male activity in all the territories compared, except in Oman and Saudi Arabia, where both rates are statistically similar. Oman has experienced a big change in this indicator in a short time, which suggests that the recent legislation on female rights to start-up businesses independently has had a big and



	Intentions	Nascent	New	TEA	TEA GEM	Establish
full or part time	65.50%	10.00%	4.50%	14.20%	16.08%	3.10%
Part time only	62.40%	14.90%	5.70%	20.60%	14.85%	1.40%
Not working	54.30%	12.50%	7.50%	20.00%	0.00%	2.50%
Self-employed	50.50%	9.70%	7.90%	17.10%	0.00%	3.40%
students	100	0	0	0	0	0

Figure 7-8: Work status distributions for potential, nascent, new, early stage entrepreneurs and established owner-managers



	Intentions	Nascent	New	TEA	TEA GEM	Establish
Lowest 33%tile	59.80%	10.10%	5.20%	15.30%	15.34%	2.10%
Middle 33%tile	47.80%	8.30%	3.60%	11.50%	11.59%	1.60%
Upper 33%tile	64.60%	14.50%	8.10%	22.40%	22.38%	3.20%

Figure 7-9: Income: distributions for potential, nascent, new, early stage entrepreneurs and established owner-managers

quick impact. However, it is going to be necessary to ratify this trend when doing the 2021 study. Saudi Arabia shows the highest rate of female activity, and Morocco has the lowest. The other countries continue showing a notable gap between male and female TEA rates. However, when interpreting these results, it is important to take into consideration that the figures are the proportions of women that develop early stage initiatives over the female population, and the same applies to men. Thus, a female rate higher than a male rate does not indicate that there are more male entrepreneurs than female entrepreneurs in a country: it just indicates the proportion of women involved in early stage entrepreneurial activity within the female population, which, eventually, can be higher than the proportion of male entrepreneurs calculated over the male population. This type of result will just point out that a female population is proportionally more involved in entrepreneurship than a male population.

Figure 7-12 shows the age distribution of early stage entrepreneurs in each se-

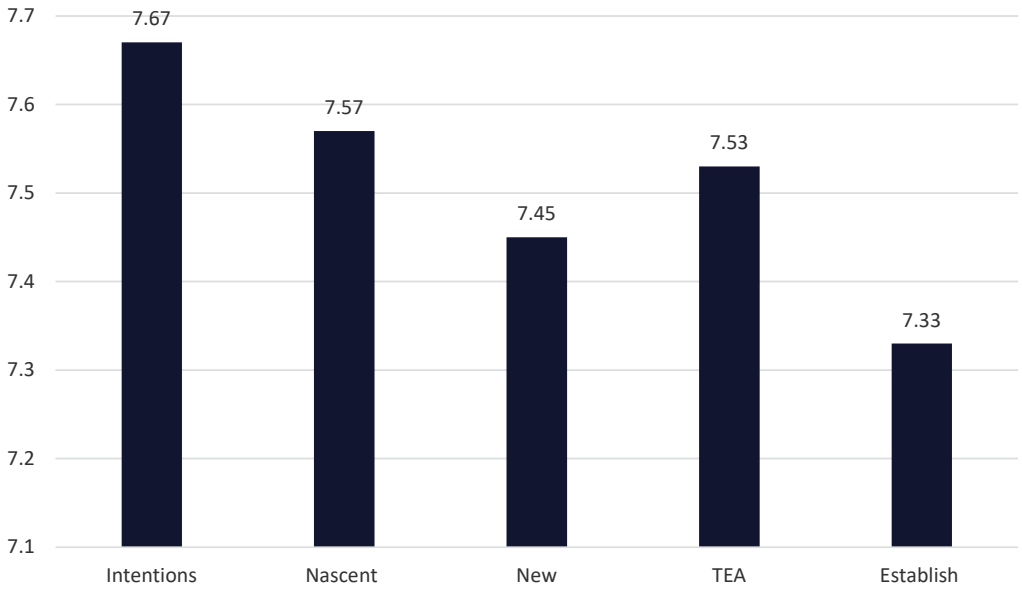


Figure 7-10: Average size of households of potential, nascent, new, and early-stage entrepreneurs, and established owner-managers

lected country. The youngest groups dominate the panorama in Kuwait and Oman at a higher degree, while in the other countries entrepreneurial activity is significantly more developed by people aged 25-44. However, senior entrepreneurship rates are notable in several economies. In Egypt, Oman and Iran, most entrepreneurs are aged 25-44, while in Qatar, Saudi Arabia and the UEA the proportions of entrepreneurs are weighted more in favor of those aged 35-44. Oman and the UAE show good distributions about entrepreneurship age as the major concentration of entrepreneurs are positioned on the intervals identified by the literature as the most adequate to develop this type of activity, after getting market and professional experience, and, at the same time, young enough to afford challenges.

Figure 7-13 provides an estimation of the proportions of individual aged 18-64 involved in early-stage entrepreneurial activities according to three work-status categories: working, not working, or studying/retired. The figures give an idea on how early-stage entrepreneurship weighs on the active population. In the Not working category, Kuwait and Morocco show the highest rate among countries of the zone, and Oman the lowest rate. In all countries, the highest numbers of people involved in early-stage entrepreneurial activities are already working. However, this variable also captures black economy cases, that is, individuals that are not officially working but developing some type of entrepreneurial activity. The rates of these cases are somewhat significant in some countries, especially in Qatar, the UAE and Oman. Also, in Qatar, the involvement of students in entrepreneurial activities stands out compared to the rest of countries. Oman shows very small proportions of these cases and appears as the most controlled economy of the zone with these indicators.

Figure 7-14 classifies the proportions of populations aged 18-64 involved in early-stage entrepreneurial activities according to four categories of educational level: some secondary; post-secondary; and graduate experience. The distribution for Oman exhibits the highest proportion of entrepreneurs with post-secondary experience, followed at some distance by Qatar, Iran and the other countries of the zone. In the UAE, Morocco and Egypt, the proportion of graduate entrepreneurs has higher weight. The educational level of entrepreneurs is one of the factors that determine the development of innovative and successful entrepreneurial activi-

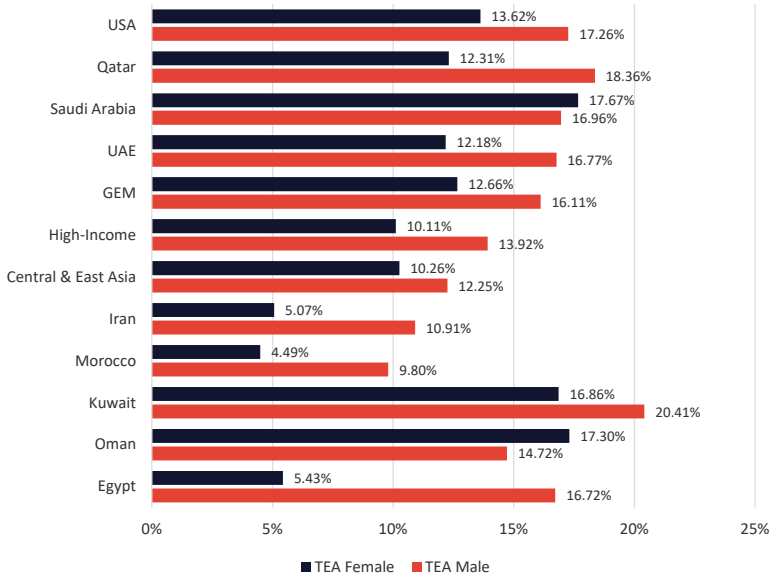


Figure 7-11: TEA by gender (2020), ordered by TEA female

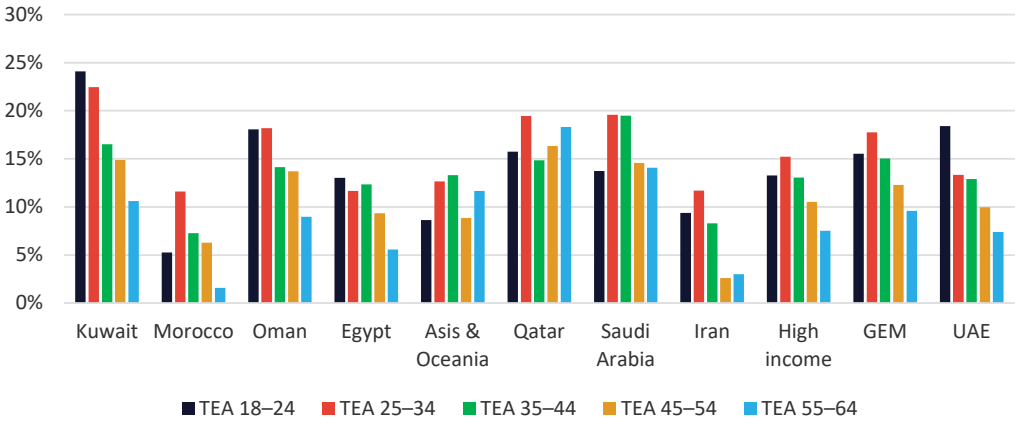


Figure 7-12: TEA by age (2020), ordered by TEA 18–24

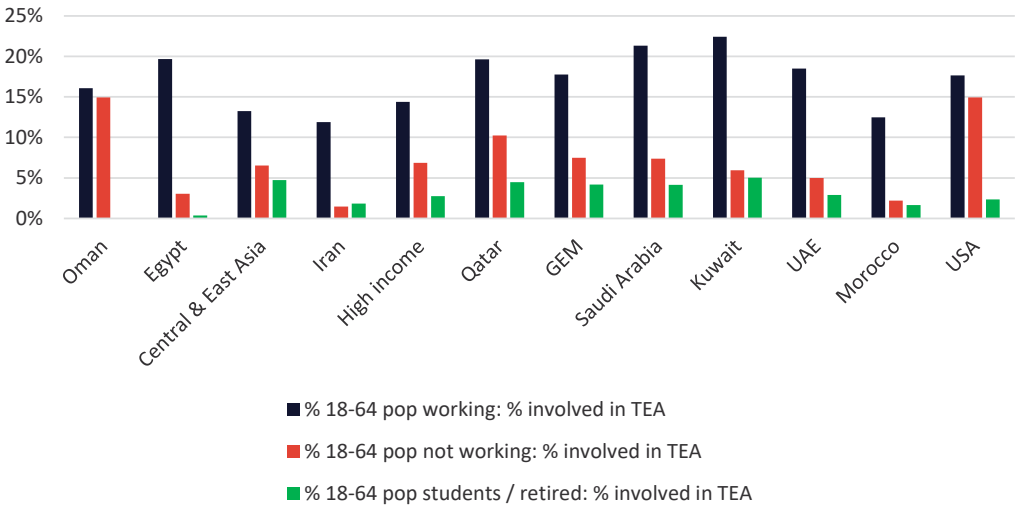


Figure 7-13: TEA by work status (2020), ordered by TEA working

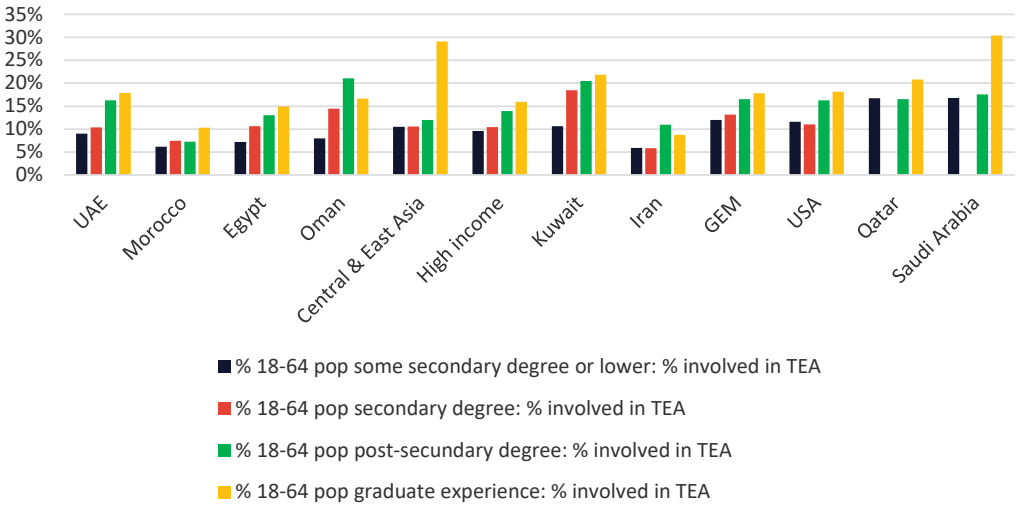


Figure 7-14: TEA by educational level (2020), ordered by TEA graduate experience

ties, so it is desirable that a large proportion of early stage entrepreneurs show positive educational attributes.

Figure 7-15 classifies the proportions of populations aged 18-64 involved in early-stage entrepreneurial activities according to three categories of income level: lower third; middle third; and upper third. Except for Saudi Arabia, all the distributions show the highest proportion of early-stage entrepreneurs in the highest income percentile. A distribution that shows ascendant percentages from the lowest to the highest income percentile corresponds to a scenario where necessity entrepreneurship is low. This is the situation for most of the selected countries of this rank. These schemes correspond to scenarios where necessity entrepreneurship is relevant, undermining the economic impact of the early stage activity.

In conclusion, Oman is well positioned not only with regard to this indicator but also in those analyzed previously, where results suggest that the great effort that the government and society is making to make entrepreneurship an essential tool for its transformation begins to be a reality.

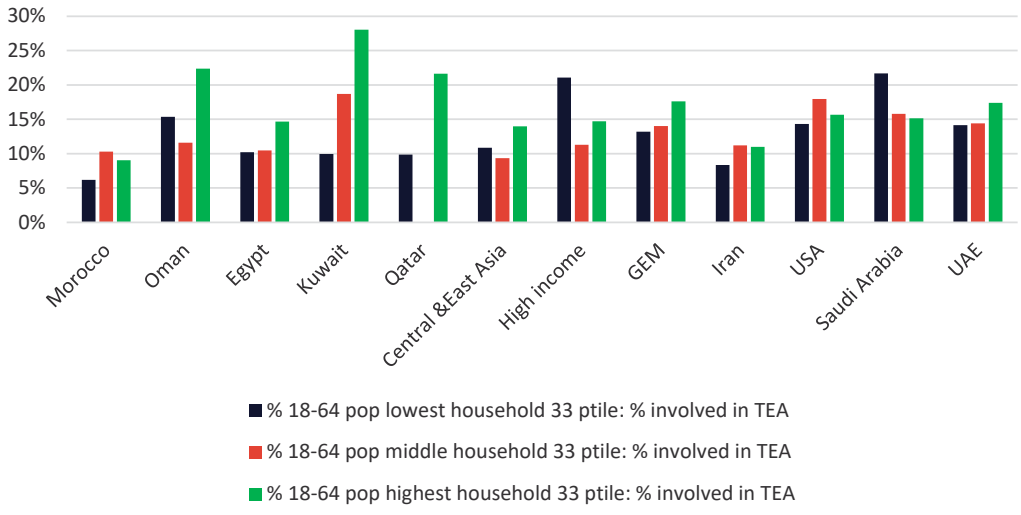
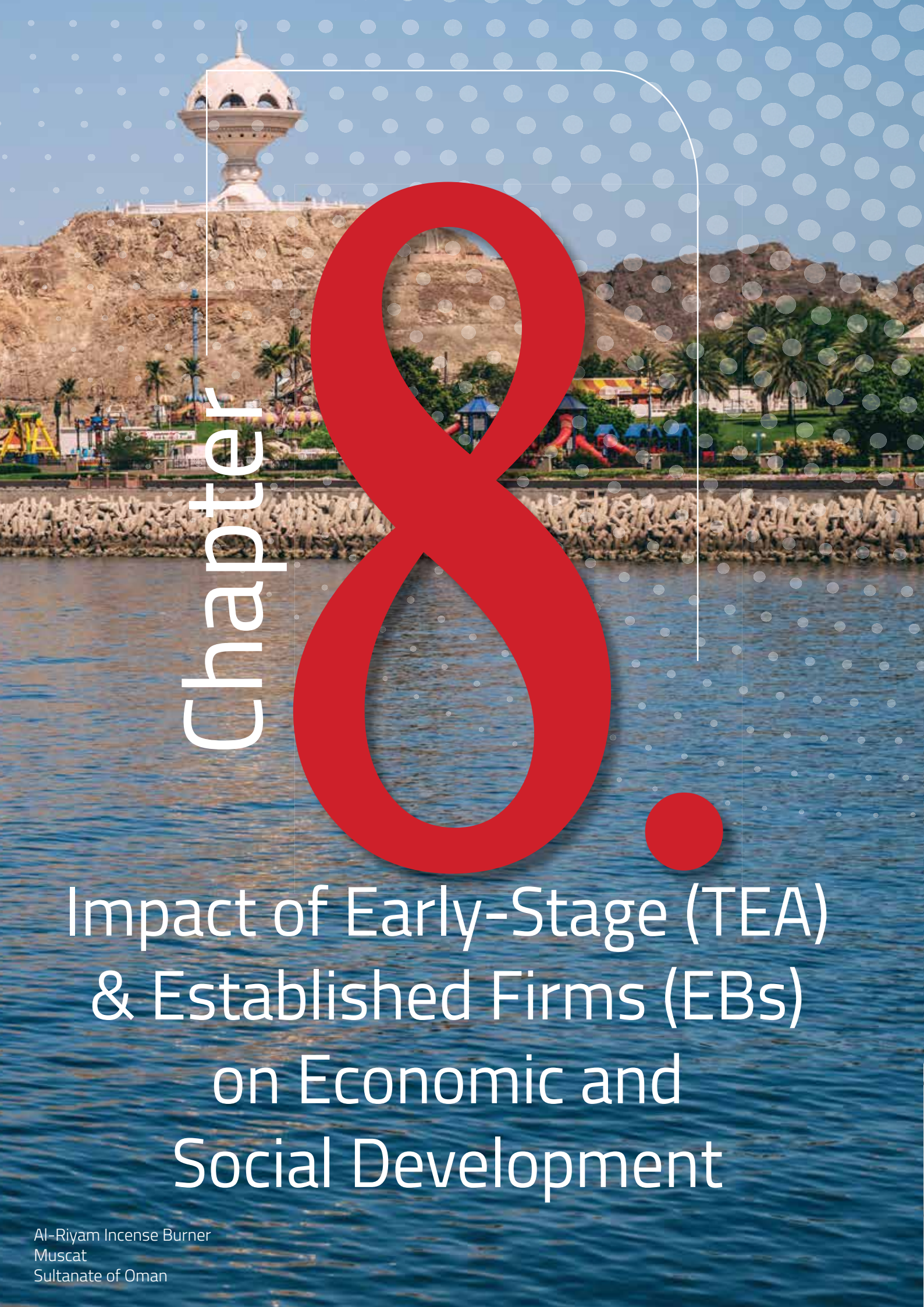


Figure 7-15: TEA by annual income level (2020), ordered by TEA highest 33% percentile



Chapter 8.

Impact of Early-Stage (TEA) & Established Firms (EBs) on Economic and Social Development

Al-Riyam Incense Burner
Muscat
Sultanate of Oman

8.1 Introduction

GEM groups the early-stage and established activities in four big sectors called: extractive, transforming, business-oriented services and consumer-oriented services. The extractive sector represents the primary sector, while the transforming represents the secondary. The third sector is divided between business providing services to other businesses and consumer-oriented services. Across the years, GEM has shown that as countries develop early-stage activity, entrepreneurial activity progressively reduces its presence in the two first sectors. This implies that early-stage entrepreneurial activity is mainly nurtured by low dimension initiatives. All of them contribute to economies, but it is important to also enhance a significant number of more dimensioned activities and develop technological ecosystems to strengthen economies.

For Oman, the majority of the early-stage and established activities in consumer oriented services is presented in Figure 8-1. The second major distribution is in the transforming sector (24.8% for TEA and 45.8% for EBO). Nowadays, in most developed countries, early-stage entrepreneurial activity concentrates in the consumer-oriented sector because of the tertiarization of economies and of the impact of globalization, which reduces the competitiveness of transforming industries because the costs are much higher than those supported by developing countries. Thus, many developed countries externalize their productive processes or buy many products in external markets being very dependent from the outside.

The pandemic is showing that countries with small and weak transforming sectors are less resistant to confronting the economic crisis derived from the sanitarian emergency. So, in principle, Oman is somewhat better positioned to face the economic crisis by establishing many enterprises in the consumer oriented services than other countries are. However, comparing the sectorial distribution of established businesses with early-stage activities, one can see that the last is increasing the focus towards the consumer-oriented services, so there are fewer start-up activities in the extractive, transforming and business-oriented services. If this trend continues, Oman's sectorial distribution will become similar to those of some developed countries where most people start businesses in the consumer-oriented sector. The lessons learned thanks to the pandemic should be useful to prevent this phenomenon and enhance diversification among potential entrepreneurs. It is true that costs faced by an entrepreneur are usually lower in the consumer-oriented sector compared to the other sectors, but it is possible to design policies to encourage multidisciplinary entrepreneurial teams to focus their creativity on the other sectors, so they keep balanced in the middle term. However, in Oman, there is a need as well to establish enterprises in the transforming sector as this is one of the targeted sectors in Oman Vision 2040.

8.2 Medium and high technology sectors

Early stage entrepreneurial and established activities in Oman show an acceptable participation in medium and high technology sectors compared to other developed countries where these rates are lower than 2%, as shown in Figure 8-2. Fortunately, the early-stage activity keeps the level of involvement above the registered level in established businesses, as it is important that recent entrepreneurs become competitive, and technological sectors are among those that are offering the best opportunities right now.

8.3 Number of owners

In 2020, the average number of business owners is lower for nascent entrepreneurs (1.64) compared to new (1.94) and established businesses (3.36). The average for the TEA rate (1.73) is affected by the lower average of nascent entrepreneurs, as presented in Figure 8 3. However, the results reflect some ambition of the start-ups to be born as joint enterprises, because the average number of owners is above one. The idea that, at present, innova-

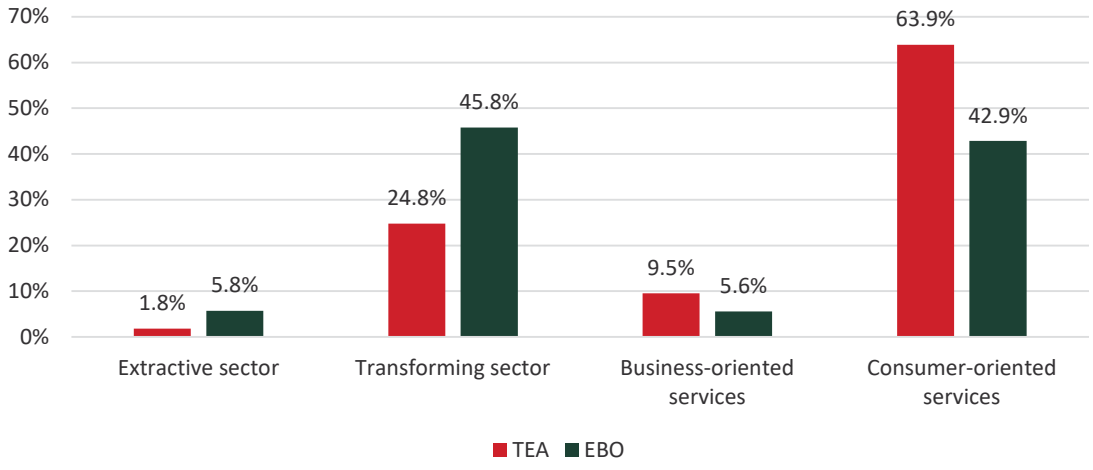


Figure 8-1: TEA and established business sectorial distribution (2020)

tive entrepreneurship requires, to a large extent, multidisciplinary teams of entrepreneurs with a certain dimension is being more adopted than in the last years, considering that new and established businesses showed lower averages.

8.4 Number of employees

Oman is unlike other GEM participating countries in terms of jobs created by early early-stage entrepreneurial activities and established businesses, as "Oman had the highest proportion, with two out of three new entrepreneurs expecting to employ no one but themselves" (Global GEM Report 2020, p. 60).

Most early-stage entrepreneurial activities and established businesses have no employees, as most of those enterprises are run only by the owner, as shown in Figure 8-4. The most frequent number of employees for early-stage entrepreneurial businesses is between 1 and 5, while this proportion is much lower for established businesses (65.7%). More similar are the proportions of businesses at both stages that have between 6 and 19 employees (20.3% and 34.3%, respectively), while established businesses show a much higher proportion of cases with 20 or more employees (1.4 compared to 0% for TEA businesses). The result suggests that, although most early-stage entrepreneurial activities are micro firms, they tend to increase their human resources as they consolidate.

8.5 Job creation expectation (new jobs: expected minus current)

In general terms comparing the current number of employees with that expected in five

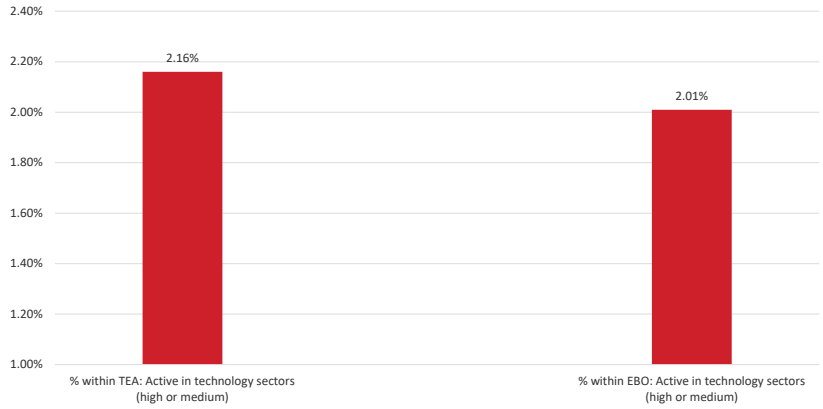


Figure 8-2: Participation of TEA and established businesses in medium and high technology sectors

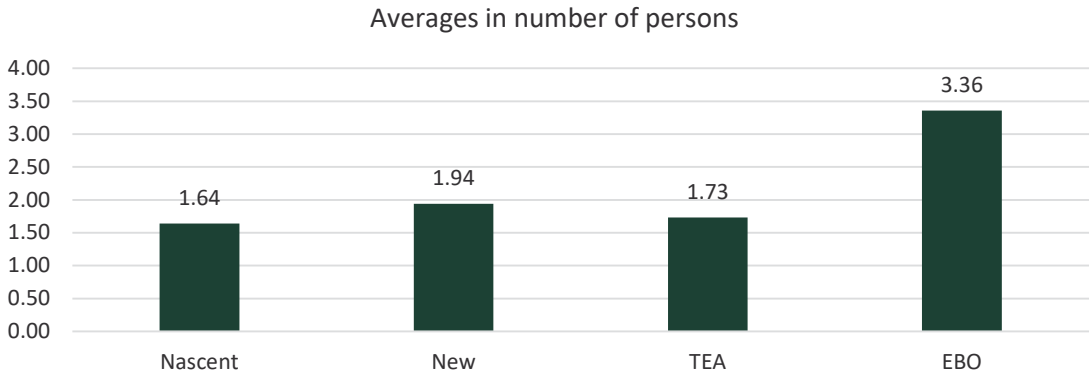


Figure 8-3: Average number of owners for nascent, new, TEA and established businesses

years, 28.7% (20.2+8.5) of TEA activities and 62.5% (45.8+16.7) of established activities in Oman expect having more than 5 employees after this lapse of time, as presented in Figure 8-5. Additionally, high job expectation within TEA activities is moderately higher among TEA than among established businesses. The result suggests that, proportionally speaking, more established businesses have less margin to grow after their consolidation than businesses during their consolidation phase. So, the distribution of TEA and EBO business on the number of employees expected to be working in five years (current employees plus new employees) is quite different from the current (see Figure 8-4). Thus, TEA activities with no employees are expected to be less than now, while established activities could have no employees as well the same as now. The proportion of TEA and established businesses with 1-5 and with 6-19 employees could increase, and the proportion of firms with 20 or more employees is expected to grow notably at both stages. In conclusion, both TEA and EBO businesses show intentions of job creation in the next five years.

8.6 Market scope (2020)

In Oman, the policy encourages companies, both early and established, to achieve market reach at less than national scope, and in a remarkable proportion, even international scope, as Oman has many investment incentives. This is especially true for early-stage firms, so the result suggests that a significant proportion

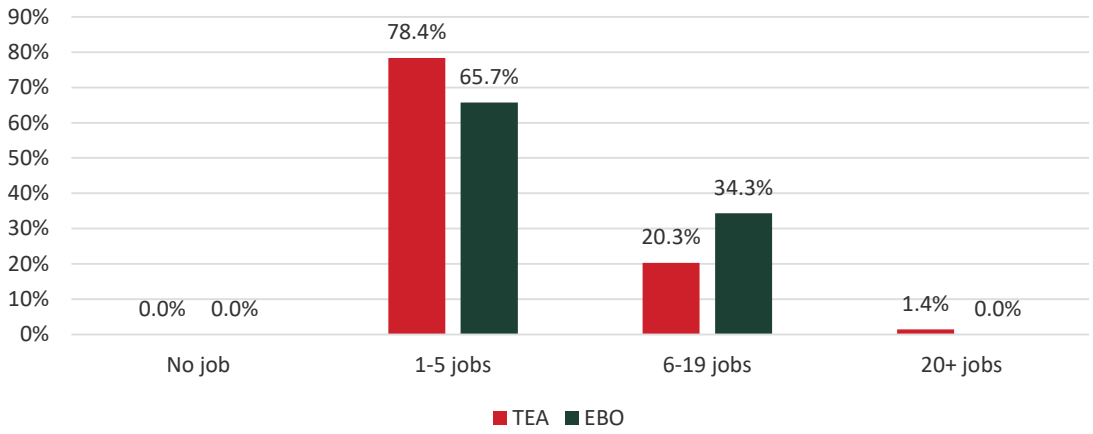


Figure 8-4: TEA and established business: number of employees (2020)

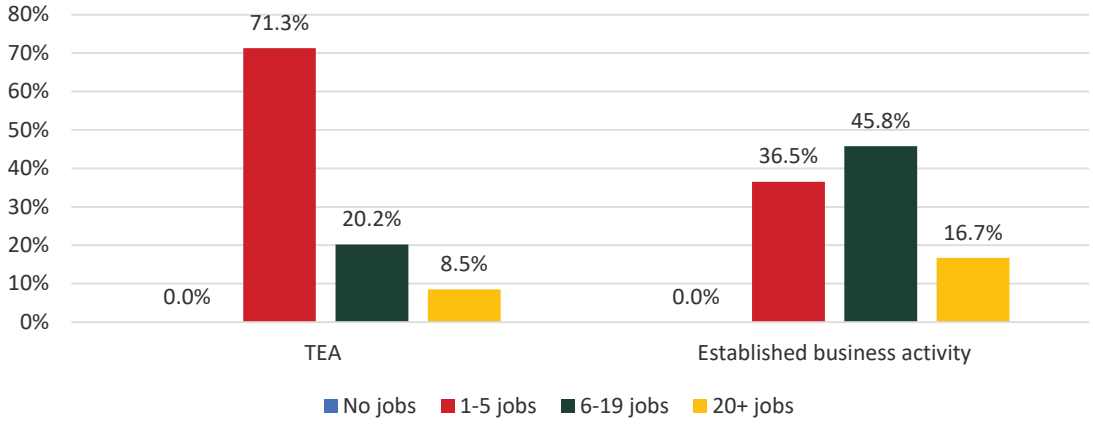


Figure 8-5: TEA and established business: number of employees expected in five years (2020 and beyond)

of recent firms have innovative or interesting components to compete outside national borders. Within TEA and established businesses only, 13.7% and 0.3% respectively get revenue from outside the country, while around 90% of TEA businesses come from the local or national market, as presented in Figure 8-6.

1-25% of revenue is lower among established businesses (2.1%), while firms at this stage show a higher proportion of cases at the 25-75% level (6.4%), and somewhat above at the 75-100% level (2.1%).

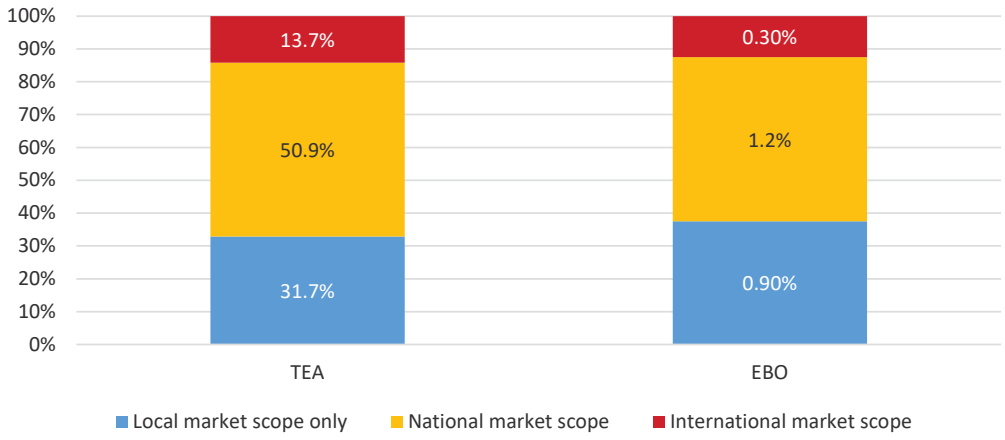


Figure 8-6: TEA and established business: market scope (2020)

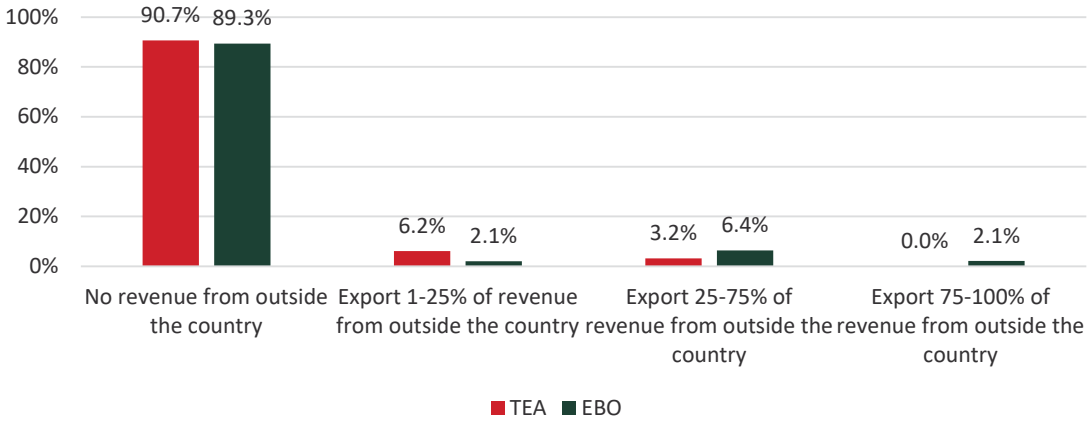


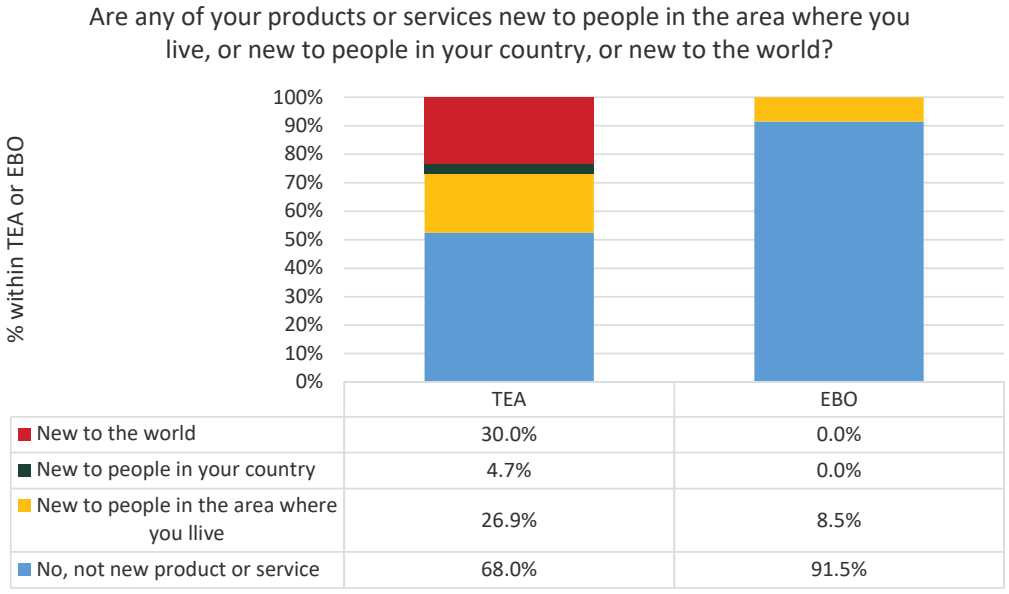
Figure 8-7: TEA and established business: intensity level of exportation (2020)

8.7 Innovation and processes' technology scope (TEA, EBO)

Regarding product or services' innovation, taking TEA businesses as a basis, or in other words, within TEA businesses, 68% did not show any innovation component, while 26.9% reported innovative products or services which are new to the people in the area where they are allocated, and only 4.7% reported innovative products or services which are new to people at country level, as presented in Figure 8- 8. As we will see in international comparison sections, compared to other countries, these levels are remarkable, especially at international level, where lots of countries do not reach 1%. Comparing these results with those for established businesses, it is possible to deduce that in Oman, early-stage

entrepreneurs tend to be more active regarding innovation in product or service than established owner-managers (especially at national level), a result that could be expected until now, but that in the situation derived from the pandemic, it is a warning for established companies since, to compete, at least in certain sectors, they will have to consider increasing innovation to achieve new impulses.

Once the detailed results of the TEA distribution related to innovation have been seen, it is important to highlight that, at a national level, taking the adult population as a basis, the weight of activities showing an innovation component in products or services of international scope is relatively low within the TEA (0.74%) and much lower than that of the activities that use technologies or apply processes that are new in the world (0%). From a competitiveness perspective, it is important that public policies and big companies favour the transfer of R&D to entrepreneurial activities and that they encourage their adoption of innovation in both areas.



	TEA	EBO
New to the world	30.0%	0.0%
New to people in your country	4.7%	0.0%
New to people in the area where you llive	26.9%	8.5%
No, not new product or service	68.0%	91.5%

Figure 8-8 Scope of innovation in product / service within TEA and established businesses in Oman (2020)

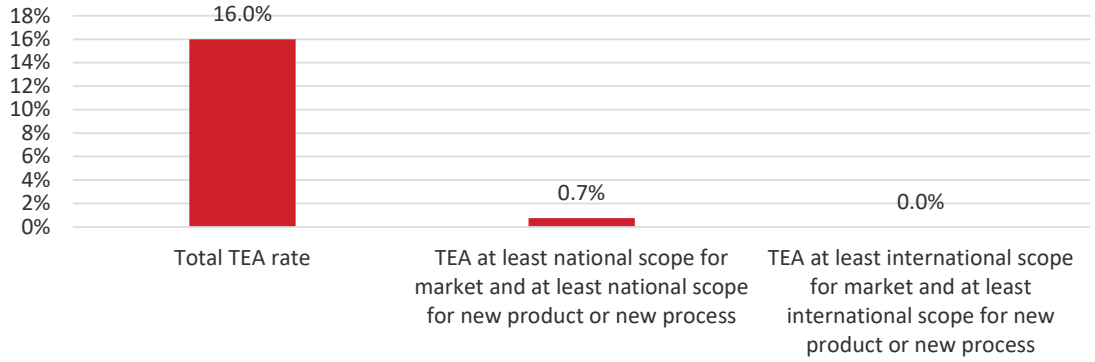


Figure 8-9: Scope of innovation in processes / technologies within TEA and established businesses in Oman (2020)

Chapter 9.

Informal Investment Activity

Wadi Darbat
Salalah
Sultanate of Oman

9.1 Introduction

Business venturing requires resources such as finance. Hence, informal investment receives close attention in the GEM report. Access to informal finance has an influential role in the development of entrepreneurship activities within any institutional context. Studies have shown a positive relationship between access to informal funds and business performance and growth, especially in developing countries (See Kislat, 2015). External financing of a business venture can be sought via formal sources, informal sources or a mix of both. While formal sources include formal debt finance, venture capital, IPO, and angel funds, informal sources include capital fund from close family members, relatives, friends, neighbors or any other private moneylender. Small businesses decide on their financial options based on factors at the individual, organizational, and contextual levels (Nguyen and Canh, 2020).

In Oman the formal public and private financial options have been growing in numbers and types. The government has exerted efforts to develop the financial sector to cater for the needs of SMEs. However, there is a considerable number of firms who prefer informal investment.

The GEM-Oman 2020 survey gathered data to measure the proportion of population who have exercised any kind of informal investment among the Omani adult population who are within the age of 18-64. 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 fund from their family, friends and relatives. Unsurprisingly, the amount of fund provided by informal investor will be relatively small considering the high risk associated with start-ups.

Figure 9-1, depicts the estimated percentages of adult population acting as informal investors along with percentage of adults who were involved in early-stage entrepreneurial activity in 2019 and 2020. The results show a slight drop in the proportion of adults who had acted as informal investors from 14.4% in 2019 to 10.6% in 2020. However, the results show the opposite in early-stage entrepreneurial activity rate. New business activities have increased between 2019 and 2020 from 6.94% to 16.01%. Growth in TEA rate may be associated with the government efforts to develop the SME sector that started in 2013 in Seih Al-Shamikhat during the national symposium for SME development. The efforts included creating entrepreneurship awareness through primary and higher education, public and private financial support, entrepreneurial training programs, and addressing regulative barriers to opening businesses. The results might also indicate that the early entrepreneurial activities were mostly financed through entrepreneurs' own money or other formal sources such as government supporting funds or other public or private formal lenders.

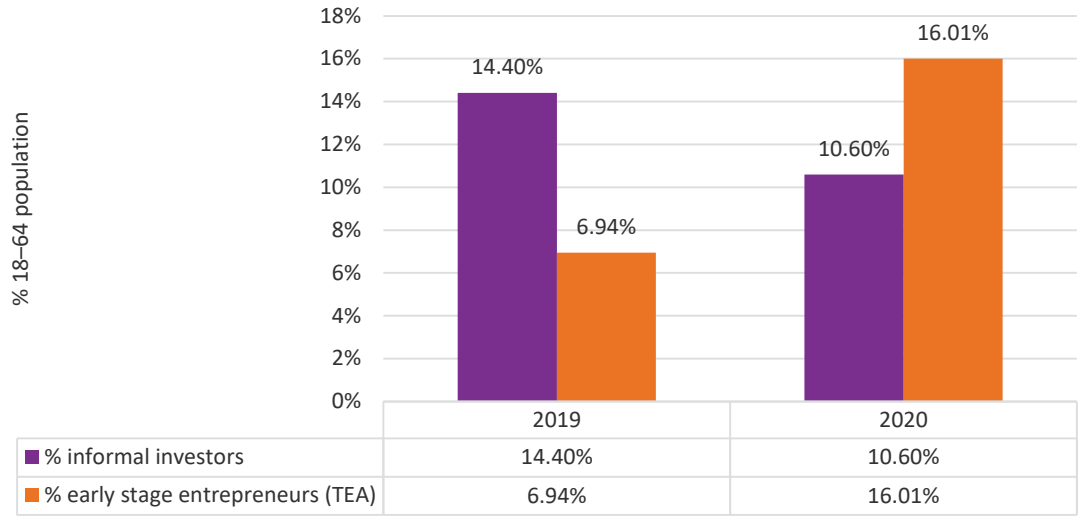


Figure 9-1: Estimated percentage of adult population acting as informal investors and TEA in Oman

9.2 Estimated amount of informal investment

This section illustrates the approximate amount of informal investment as declared by the target population (adult age 18-64). The results in Table 9-1 show the indicators of the informal fund invested in Oman for the two years, 2019 and 2020. The table displays the mean, standard deviation, median, and modes of the informal investment amount in both USD and OMR currencies. In order to achieve a better accuracy of the estimation, the median indicator is used as opposed to an average indicator to calculate the total invested fund. Hence, it is less affected by the extreme values.

The results in Table 9-1 show a big drop in the proportion of investors who provided informal funds in the last year, from 70% in 2019 to 22% in 2020. A similar drop is shown in the average amount invested by each individual. It has declined from 9,759.69 to 6,128.14 OMR. The median value of the invested amount has declined from 2000 OMR in 2019 to 550 OMR in 2020. It can be understood from the results that there is a considerable interest from Omani investors in providing informal funds to their family members, friends and relatives. However, the amount invested is relatively low. This might indicate that the investment is usually directed to micro and small startups since they require less capital. Moreover, the decrease in the proportion of informal investors might be referred to the fact that there is growing self-awareness among the population in starting their own ventures rather than investing in other people's businesses.

Table 9-2 provides approximate figures to estimate the monetary amount invested informally in early-stage entrepreneurial activities each year in Oman. The table below offers an opportunity to compare the amount invested in 2019 and 2020. As shown, the population aged 18-64 has increased to 1,379,330 in 2020 from 1,346,645 in 2019. However, due to the drop in the percentage of informal investors among the population in 2020 (10.6%), the total amount has largely decreased as estimated for the 3 years. By applying the median to each informal investor, the estimate of total funds invested in 3 years is becoming OMR 80,414,927, while it was OMR 386,394,000 in 2019. Roughly calculated, the total amount invested in each year would be OMR 26,804,976 (after dividing by 3). This shows a drop of 79% in the estimated yearly investment between 2019 and 2020

Table 9-1: Main indicators on informal funds invested in Oman

Indicators	2019	2020
Percentage of informal investors who provided the amount	70.1	22.22
Invested amount average (OMR)	9,759.69	6,128.14
Invested amount standard deviation (OMR)	67,925.79	18,424.32
Invested amount average (USD)	25,382.81	15,937.95
Invested amount standard deviation (USD)	176,660.05	47,917.6
Invested amount median (OMR)	2,000.00	550.00
Invested amount median (USD)	5,201.56	1,430.43
Invested amount mode (OMR)	2,000.00	2,000.00
Invested amount mode (USD)	5,201.56	5,201.56

Table 9-2: Total amount of funds informally invested in Oman over the period 2019 and 2020 as a contribution to entrepreneurship finance.

Concepts	2019	2020
Oman's population aged 18–64 (persons)	1,346,645	1,379,330
Point estimate of informal investors in the population over the last 3 years (%)	14.4%	10.6%
Point estimate of the number of informal investors in the population over the last 3 years (persons)	193,197	146,209
Estimate of total funds invested in 3 years, by applying the median (OMR) to each informal investor	386,394,000	80,414,927
Estimate of total funds (OMR) invested each year, by dividing the previous amount by 3	128,798,000	26,804,976
Estimate of total funds invested in 3 years, by applying the median (USD) to each investor	1,004,925,877.76	209,141,535
Estimate of total funds (USD) invested each year, by dividing the previous amount by 3 (period 2015–2017)	334,975,292.59	69,713,845

(refer to Table 9-2). The drop in the estimated investment can be attributed to the slowdown in the economy, which worsened due to the Covid19 pandemic.

9.3 Characteristics of informal investors

The personal characteristics of informal investors in Oman are shown in Table 9-3. The table demonstrates some changes in the attributes between 2019 and 2020. While most of the informal investors were male in 2019 (74.5%), almost an even distribution in gender appears in 2020 with males representing 50.8%. The average age remained almost the same at 34 years. In 2020 the lowest annual income range is represented at 21%, while the highest is represented to the tune of 52.9%. It can be noticed that informal investors are showing a higher education level in 2020 in comparison to 2019. Almost all informal investors are working either full-time or part-time (98.3%) in 2020. The table illustrates an interesting increase in the percentage of informal investors who have been involved in early-stage entrepreneurial activity (TEA), from 9.3% in 2019 to 30.5% in 2020. Also, there is an improvement in the optimism of informal investors in identifying potential entrepreneurial opportunities, from 71.6% to 86.2% in 2020.

Some insightful findings can be drawn from the above analysis. A growing interest of women in entrepreneurial activities is spotted, and particularly in financially supporting their relatives and friends. The Omani community is becoming more optimistic of the opportunities available in the market. Although relatively little amount is invested informally in 2020, en-

Note: these results constitute a rough approximation, as they are calculated under the imprecise assumption that in each of the three years, the number of investors was the same, and the medians remained constant. Also, one should bear in mind that the results are based on a sample and under an estimation error at 95% of confidence. The result is therefore an approximation of the impact of informal funds on entrepreneurial financing.

Table 9-3: Main indicators on informal investors' characteristics

Characteristic	2019	2020
Gender		
Male (%)	74.5	50.8
Female (%)	25.5	49.2
Age		
Mean age and standard deviation	33.5 (.873)	34.18 (10.47)
Annual income		
Lowest 33% percentile	33.2	21
Middle 33% percentile	8.9	26.1
Highest 33% percentile	57.9	52.9
Educational level		
None (%)	4	5.1
Some secondary (%)	38.3	NA
Secondary (%)	22.4	35.5
Postsecondary (%)	26.5	49.7
Graduate experience (%)	8.7	9.6
Work status (reduced)		
Works full time or part time (%)	82.9	98.3
Not working (%)	8.7	1.7
Retired/student (%)	8.4	NA
Knows recent entrepreneurs (%)	89.1	94.4
Sees good opportunities (%)	71.6	86.2
Involved in TEA (%)	9.3	30.5
Involved in EB (%)	4	3.6

Note: the basis of calculating these indicators is the total sample of informal investors in each year.

trepreneurs are presumed to be financing their own ventures.

9.4 Relationship between informal investors and beneficiaries

The relationship between informal investors and their beneficiaries are clearly described in the GEM national report, as displayed in Figure 9-2. In 2020, the highest recipients of informal investment are close family members (51%), whereas they were 'some other relative' in 2019 (52.5%). This may imply that informal investors are becoming more cautious as to whom to give their support. Trust is a critical concept in these situations. The categories that appeared in 2020 in the order from the highest to lowest are close family member, some other relative, friend or neighbor, work colleague, stranger with a good business idea.

9.5 International position

Figure 9-3 illustrates the international position of Oman in comparison to the Arab countries and other GEM countries in relation to the participation of adult population in informal investment. As explained earlier, the proportion of Oman's population committed to informal investment has dropped significantly in 2020 (2.1%). They are substantially lower than the average GEM nations (4.98%) and high income economies (4.69%). The GEM Global Report 2020-2021 identifies a common falling trend in most of GEM nations, with 29 nations out of the 35 economies participating having experienced a decline between 2019 and 2020. Interestingly, Oman has the greatest fall among all GEM states (from 10% of adults to 2%). The figure below displays Oman placed as the second lowest in Arab countries before Morocco in terms of participation in informal investment, whereas Saudi Arabia remains the highest (14.2%). In general, countries of the Arabian Peninsula are lying somewhere very close to the average GEM nations.

However, Figure 9-4 shows the average funds (USD) provided by informal investors, and Qatar and Kuwait are lying at the top of list.
The amount invested by the informal investors in those countries is far higher than that of the High income and average GEM nations. Oman is placed somewhere in the middle, with average investment lower than that of high income and average GEM nations. Iran remains the lowest in terms of amount invested in the Arab Peninsula region.

Proportionally speaking, positive entre-

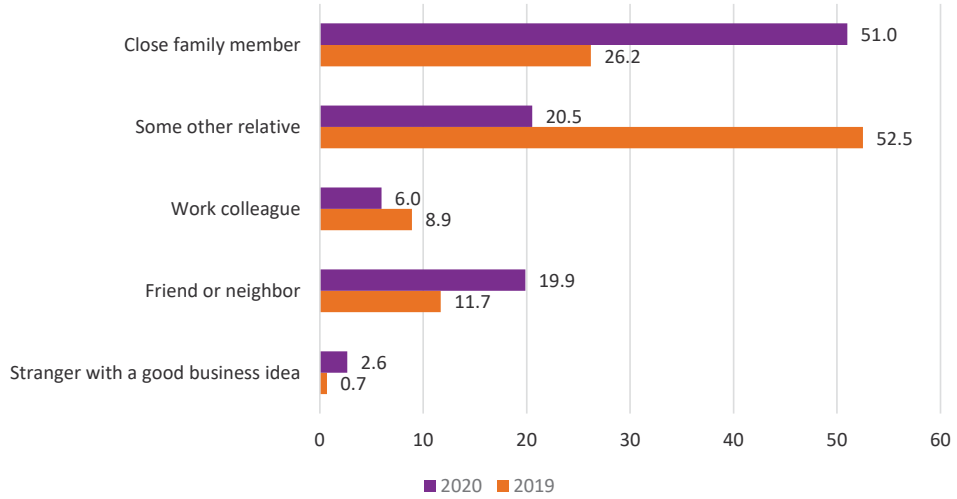


Figure 9-2: Distributions of categories of relationships between informal investors and early-stage entrepreneurs (2019-2020)

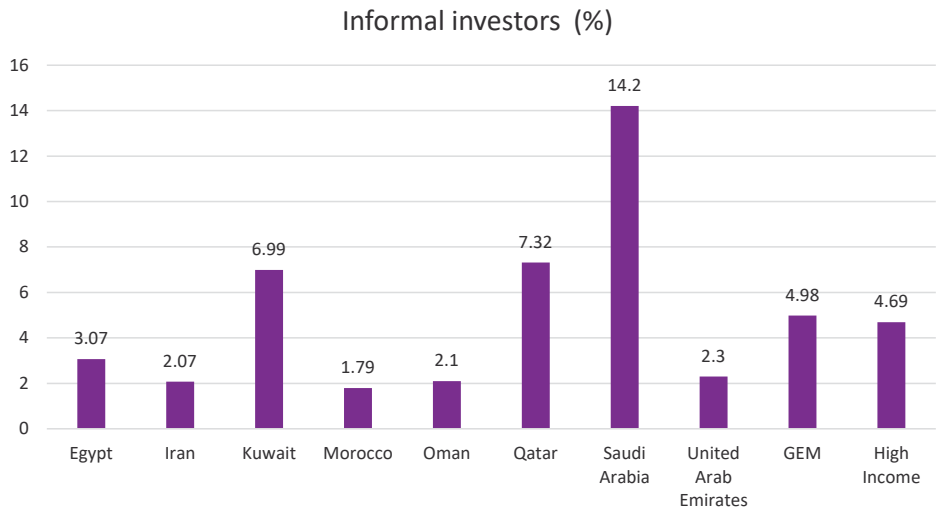


Figure 9-3: Estimated percentage of population acting as informal investors (2020)

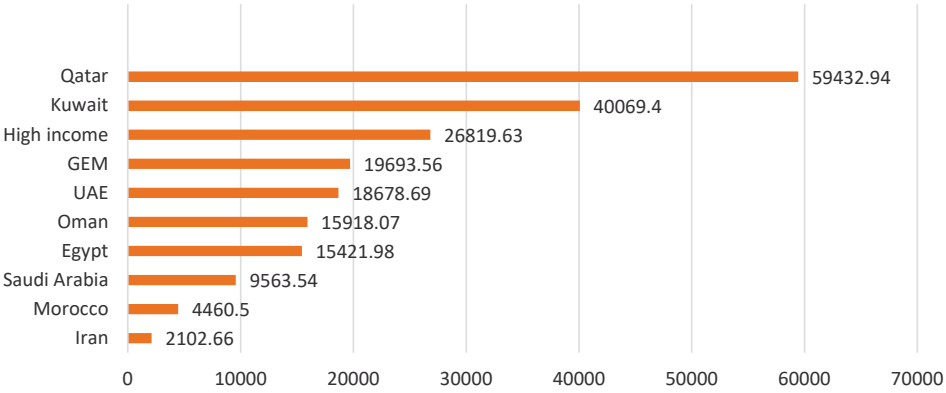


Figure 9-4: Estimated average funds invested by informal investors – average in USD (2020)

preneurship impact is expected in those countries with a higher proportion of informal investors (e.g. KSA) and a high amount of funds provided by informal investors (e.g. Qatar and Kuwait). Oman experienced a large fall in both parameters in 2020 in comparison to 2019. The economic downturn could be a reason for this fall. People are expected to be reluctant to engage in informal investment. In such situations, policy makers are advised to take measures to provide other forms of investment to nascent entrepreneurs.

References

Kislat, C. (2015). Why are Informal Loans Still a Big Deal? Evidence from North-east Thailand. *The Journal of Development Studies*, 51, 569-585.

Nguyen, B. & Canh, N. P. (2020). Formal and informal financing decisions of small businesses. *Small Business Economics*, 57(3), 1545-1567.

Chapter

10.

Entrepreneurship Mindset

Qurayyat Highway
South east Muscat
Sultanate of Oman

10.1 Introduction

GEM presented in 2019 for the first time the Entrepreneurial Mindset Index (EMI). It is a scientific tool specifically designed to identify entrepreneurial intention and predict entrepreneurial success. The complete META tool is composed of four constructs explained as follows:

- Entrepreneurial creativity: the ability to generate innovative business ideas (relates to non-conformity, originality and preference for novel experiences)
- Opportunism: the tendency to spot new business opportunities (relates to being alert, informed, and detecting future trends)
- Proactivity: the tendency to be proactive about projects and get stuff done (relates to energy, confidence and self-determination)
- Vision: the ability to see the bigger picture, the motivation to bring change and create progress (relates to values and having a higher sense of purpose)

After analyzing the different possibilities of weighting, GEM scholars concluded that a very simple additive index composed of the four items added (after reversing the coding of the first two) then divided by four, was the wisest option with which to calculate the Entrepreneurship Mindset Index for a country.

10.2 Estimated amount of informal investment

As shown in Figure 10-1, the 2020 results show that vision emerges as the most predominant of the four components of entrepreneurial mindset, followed by creativity, opportunism and proactivity. The order was the same in 2019

proactivity. In 2020, an improvement is identified in all four components, especially in proactivity as it has risen from 33.6% to 48.9%. Despite the COVID-19 pandemic and all the negative effects it had on the SMEs sector, the entrepreneurial mindset remained prevalent.

The results indicate that Omanis have a high-level visionary mindset that makes them motivated to bring change and being very determined with a sense of purpose. The Omani population demonstrates a proportionally high level of creativity and innovation. They are able to generate novel ideas and produce innovative solutions to real-life problems. Creativity is considered a key factor that fosters entrepreneurial activity (Ward, 2004). However, Omani adults scored less in spotting business opportunities and in proactiveness to act upon the opportunities they see. Institutional hurdles are believed to influence the entrepreneurial mindset of Omanis (Al-Mataani et al., 2017). According to the Global GEM Report 2020/2021, 80% of the adult population in Oman perceived good opportunities to start a business. This is a strong indicator of the entrepreneurial outlook and mindset as well as the conduciveness of the environment for entrepreneurship in Oman.

Adults in Oman need to improve their proactivity, energy, confidence and self-determination in order to foster the entrepreneurship sector. Further focus on entrepreneurship education can develop entrepreneurial skills related to business-idea generation and transforming those ideas to business ventures.

Table 10-1 depicts the entrepreneurial mindset index (EMI) for the Omani population in 2019 and 2020. The results show a slight improvement in the index from 3.3 in 2019 to 3.4 in 2020. The current index is still considered proportionally moderate as it is slightly above average. This is quite expected in the Omani context, where there are "high levels of public and private employment and generous social security systems" that usually negatively affect the entrepreneurial mindset and culture (The GEM Global Report 2020-2021). However, in summary, the four basic components of an entrepreneurial mindset show a positive impact in the TEA rate estimated for Oman (16% in 2020). Interestingly, a positive relationship can be seen between EMI and TEA between 2019 and 2020. As the EMI has improved, the early-stage entrepreneurship activities have increased.

Table 10-1: Entrepreneurial Mindset Index for Oman's 18-64 year-old population (2019 & 2020)

Year	Concept	Mean	Standard Deviation
2019	Entrepreneurial Mindset Index	3.29	0.71
2020	Entrepreneurial Mindset Index	3.42	0.79

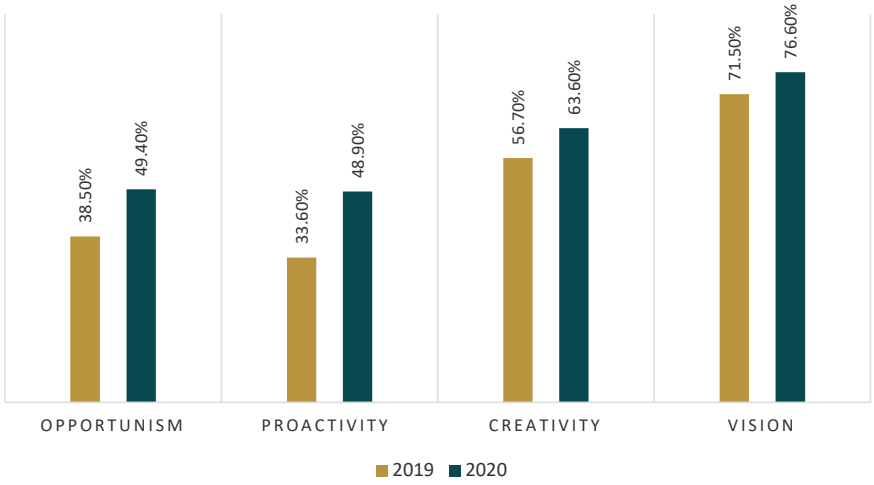


Figure 10 -1: Prevalence of entrepreneurial mindset basic components in the Omani population

10.3 Significant relationships between the Entrepreneurial Mindset Index and selected socio-demographic variables

The average degree of entrepreneurial mindset is measured by the composite index presented in the previous section, and illustrates interesting differences in some variables by gender, educational level, and different types of involvement of individuals in entrepreneurial activities. Thus, the results in Table 10-2 reveal a significant difference in the EMI index between males and females in Oman, with higher scores among females. Similarly, significant differences are seen between the different levels of education. The higher the educational level gets, the higher the EMI becomes. For example, the EMI of graduate adults is 3.51. This is an important indicator for national entrepreneurial development. Entrepreneurship education should be looked at as fundamental in order for the economy to flourish.

Furthermore, the results of Table 10-2 show that the EMI index is significant for some entrepreneurial activities which are higher for intention entrepreneurs, early-stage (TEA) entrepreneurs, corporate entrepreneurs and individuals acting as informal investors. This strongly confirms the logical assumption that the greater the entrepreneurial mindset, the

Table 10 -2: Average scores of the Entrepreneurial Mindset Index (EMI) by selected sociodemographic variables

	Categories	EMI Average	EMI St. Dev.	Conclusion
Gender	Men	3.36	0.8	The difference is significant (p=.000)
	Women	3.5	0.79	
Educational level	None	3.27	0.72	The differences are significant (p=.000)
	Some secondary	NA	NA	
	Secondary degree	3.34	0.78	
	Post-secondary	3.55	0.83	
	Grad. Exp.	3.51	0.78	
Intention entrepreneurship	Not involved	3.19	0.68	The difference is significant (p=.000)
	Involved	3.58	0.84	
Early-stage entrepreneurship	Not involved	3.38	0.78	The difference is significant (p=.000)
	Involved	3.63	0.85	
Established owner-managers	Not involved	3.42	0.8	The difference is not significant (p=.284)
	Involved	3.55	0.84	
Corporate entrepreneurs	Not involved	3.41	0.79	The difference is significant (p=.002)
	Involved	3.7	0.98	
Informal investors	Not involved	3.41	0.79	The difference is significant (p=.002)
	Involved	3.6	0.84	

greater the likelihood of being involved in business activities. However, the entrepreneurial mindset index does not vary by involvement in established businesses.

10.4 International position

Figure 10-2 below illustrates the international position of Oman in comparison to the Arab countries and other GEM countries with regard to the prevalence of the entrepreneurial mindset amongst the adult population, as indicated by the EMI. In the creativity component, Omani adults have shown slightly lower scores in comparison to others displayed by Arab countries (Qatar, Morocco, UAE). However, in comparison to the average GEM scores and high income countries, the Omani population has demonstrated higher scores in Creativity and Vision, but slightly lower in relation to Opportunism and Proactivity. As mentioned earlier, contexts like Oman are expected to show lower EMI due to generous social security systems and the employment offered by public and private sectors. These results trigger more government efforts to enhance opportunity identification and proactivity to upgrade the EMI for Omani adults.

References

Al-Mataani, R., Wainwright, T., and Demirel, P. (2017). Hidden Entrepreneurs: Informal Practices within the Formal Economy. European Management Review, 14: 361– 376. doi: 10.1111/emre.12115.

Ward, T.B. (2004). Cognition, creativity, and entrepreneurship. Journal of business venturing, 19(2), pp.173-188.

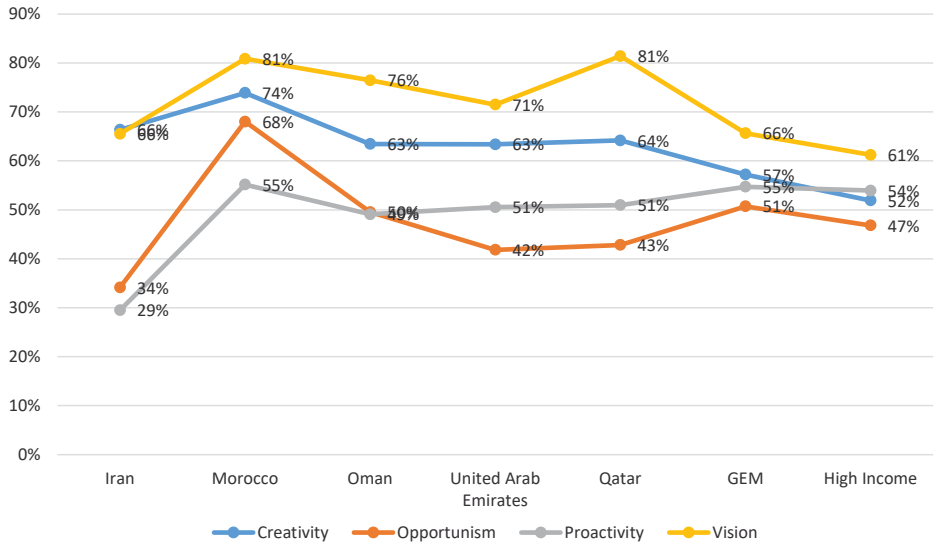
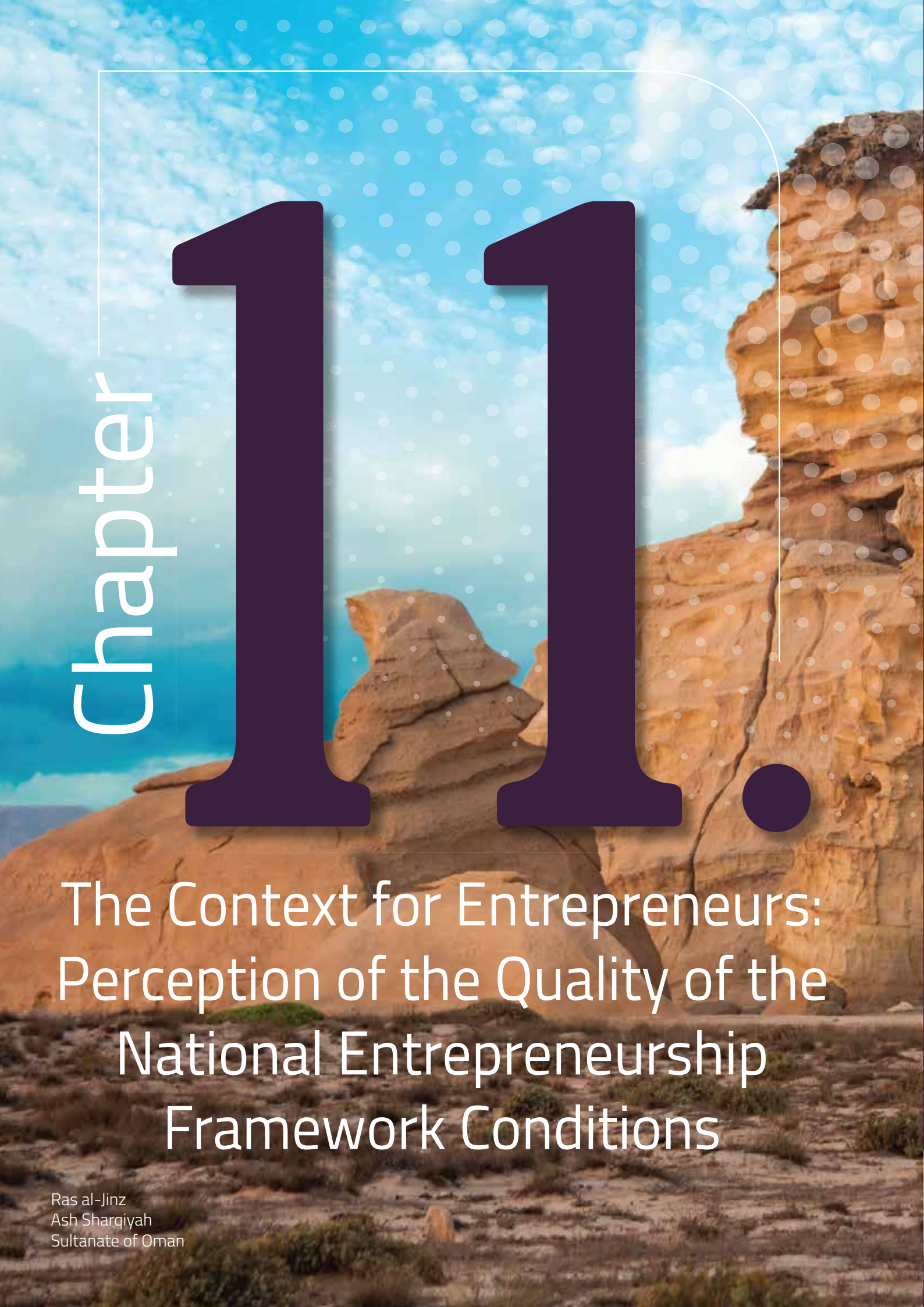


Figure 10-2: International position for EMI components (Creativity, Opportunism, Proactivity, Vision)



Chapter

1.1.

The Context for Entrepreneurs: Perception of the Quality of the National Entrepreneurship Framework Conditions

Ras al-Jinz
Ash Sharqiyah
Sultanate of Oman

11.1 Introduction

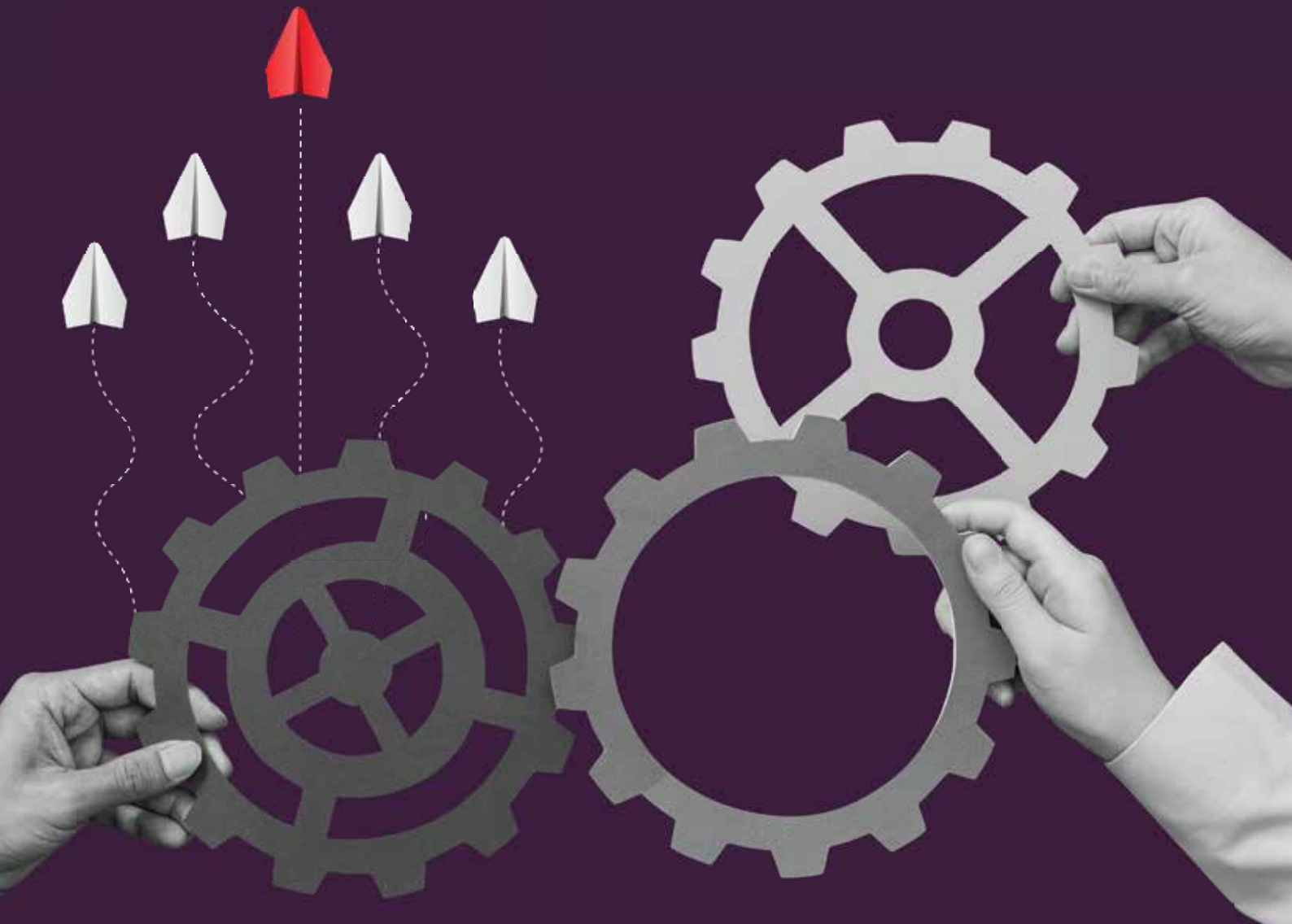
Entrepreneurs start and run new ventures in distinct environments containing a wide range of local and national conditions that can facilitate—or hinder—these efforts. The market failure and institutional failure have an impact in establishing the business (for example in terms of access to finance, 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 2020, the second 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

The group was asked this question: "How do you perceive the current overall state



of your country's (Oman) context for entrepreneurs or set of framework conditions that are facing entrepreneurs to develop their activities?" The group awarded it an average score of 5.49 points. The highest average score this year for all countries participating in the GEM2020 was 7.51.

As seen in the following sections, this initial evaluation is aligned with the average score calculated for the NECI composite index (6.00), derived 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 about the Omani context in the year 2020.

11.2 National entrepreneurship framework conditions in the Oman, 2020

Table 11-1 shows Oman's average scores and ranks of the 12 entrepreneurial framework conditions plus the NECI composite index among the 45 economies completing the NES in 2020.

When interpreting the average scores assigned to the 12 framework conditions, it is essential that the reader always keep in mind that we are talking about their state regarding the context in which the entrepreneurs operate, and not regarding the general national socioeconomic context. Thus, for example, when evaluating financing for entrepreneurs, in no case is the country's financial system being evaluated, but rather whether the entrepreneurs have sufficient financing, and access to adequate channels to obtain it. The same applies to government policies, programs, entrepreneurial education, and other conditions. Experts do not evaluate the educational system of the country, nor its results, but whether the system includes subjects to educate students in terms of acquiring enough entrepreneurial values and skills. Thus, keeping this warning in mind, in 2020, all the entrepreneurial framework conditions in Oman appear to have sufficiently improved, considering the pandemic conditions at least. It is a particularly good overall result compared to the last year, 2019. Oman has got the rank of 13 in the National Entrepreneurship Context Index (NECI) among 44 economies.

Comparing the average scores of Oman

Table 11-1: Oman's ranking among 44 economies in 12 national entrepreneurship framework conditions

Entrepreneurial framework conditions	2020 rank (44 economies)	2020 Average score	2019 rank (54 economies)	2019 Average score
Entrepreneurial finance	17	4.9	34	4.32
Government policies: support and relevance	10	5.2	19	4.46
Government policies: taxes and bureaucracy	18	4.3	27	4.15
Government programs	17	5.1	24	4.44
School: entrepreneurship education and training	9	4.4	17	3.47
Post-school: entrepreneurship education and training	13	5.3	36	4.4
R&D transfer	21	4.4	27	4.07

Commercial and professional infrastructure	28	4.8	37	4.56
Internal market dynamics	13	5.7	19	5.56
Internal market burdens, or entry regulation	12	5.1	37	4.02
Physical infrastructure and services	32	6.1	40	6.16
Cultural and social norms	11	6	20	5.71
NECI composite index	2020 rank	2020 Average score		
NECI 2020	13	5.1		

Source: GEM, 2020; scale 0 = very insufficient, 10 = very sufficient

with the average of the GCC countries in the area as shown in Figure 11-1, the country is aligned in terms of government program, school entrepreneurial education, and internal market dynamics. Oman shows a better position for the post-school entrepreneurship education; however, for all the other conditions, it stands below the average in entrepreneurial finance, government policies, R&D, commercial and physical infrastructure, and cultural norms.

In addition, comparing the average scores of Oman with the average of the GEM countries in the area as shown in Figure 11-2, the country shows better positions for the other conditions, standing out above the average, except for the physical infrastructure (for instance: roads, utilities, communications, water disposal and affordable office spaces to rent for new and growing firms) and commercial and professional infrastructure (for instance: the facilities for new and growing firms to get good subcontractors, suppliers, and consultants, as well as access to cloud computing and banking services) which shows below the average.

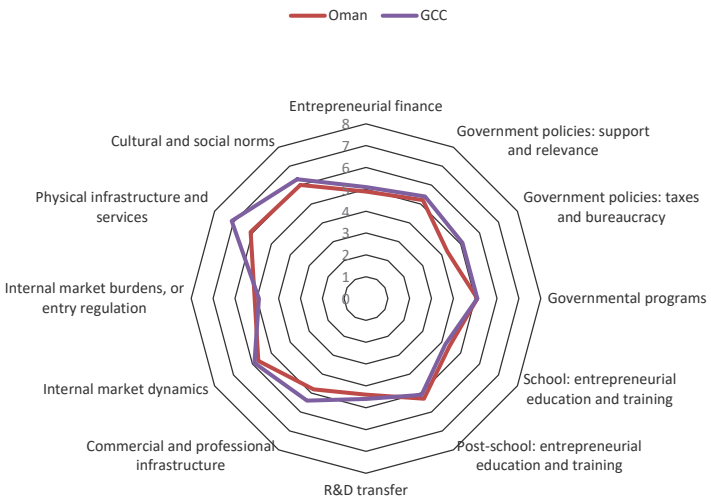


Figure 11-1: Positioning of Oman with respect to the average of GCC countries on 12 entrepreneurship framework conditions.

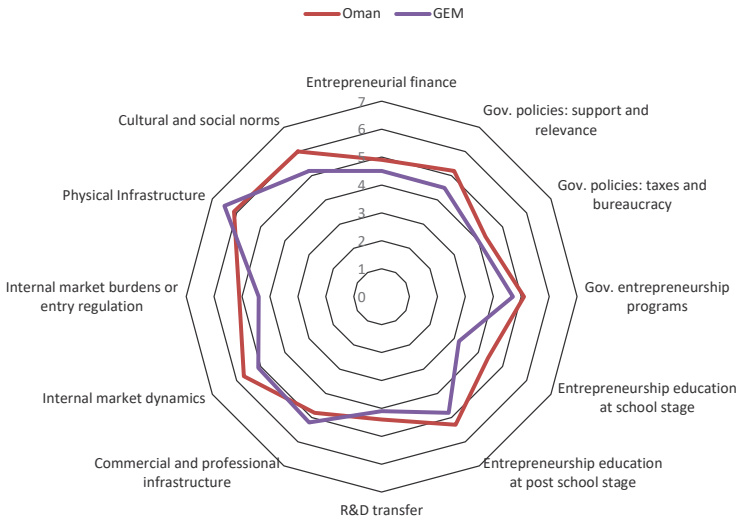


Figure 11-2: Positioning of Oman with respect to the average of GEM countries on 12 entrepreneurship framework conditions.

11.3 The NECI: An overall view of conditions for entrepreneurship

The NECI is obtained by averaging the ratings of the NES conditions, following advice from experts from the European Commission's Joint Research Centre. Figure 11-3 shows the overall NECI ranking and scores (out of a possible 10) for 45 economies that completed the 2020 GEM NES. Oman ranks in the 13th position (5.1) with a rating closer to that of the USA (5.2) and above that of the UK (5).

According to the Global GEM Report 2020, all Oman's framework conditions have increased. The following analysis is adapted from the Oman Profile in the Global GEM Report 2020 Policy roadmap 2020 Framework Conditions Review (p.139):

For the condition "Access to entrepreneurial finance" Oman received a 4.9 score (17th among GEM participating economies) from its experts, just below peer economy Qatar, which scored 5.1, and an improvement from its 4.3 score in 2019. This is a welcome sign, given the high entrepreneurial intentions rate in the Adult Population Survey (APS), which found that 57% of adults in Oman expected to start a business within the next three years — which will create a strong demand for finance. Oman also improved significantly in its governance conditions, particularly "Government policy: support and relevance", for which its 5.2 score, increasing from 4.5 in 2019, placed it 10th among GEM economies. These improving conditions led to a relatively strong assessment of the government's response to the pandemic, which received a 5.8 score, 17th overall, and third among GEM Middle East peer economies, behind Qatar (6.4) and Saudi Arabia (8.4). Oman's most dramatic improvements came in the education-related conditions. For "Entrepreneurial education at school" Oman's score increased from 3.5 in 2019 to 4.4 in 2020: ninth among GEM economies and its highest ranking for any condition. In "Entrepreneurial education post-school" Oman made another strong leap, from 4.4 in 2019 to 5.3 in 2020, 13th among all GEM economies. It is telling that Oman's strongest score improvements came in its government and educational conditions, with experts ranking Oman 17th among all GEM economies for the governmental response to the pandemic.

The government of Oman, through the Authority of SMEs Development, has provided a lot of efforts to support the SMEs sector during the pandemic of COVID-19 and alleviate the impact of the pandemic in the business. The government support for SMEs during the pandemic included different packages, incentives, and fa-

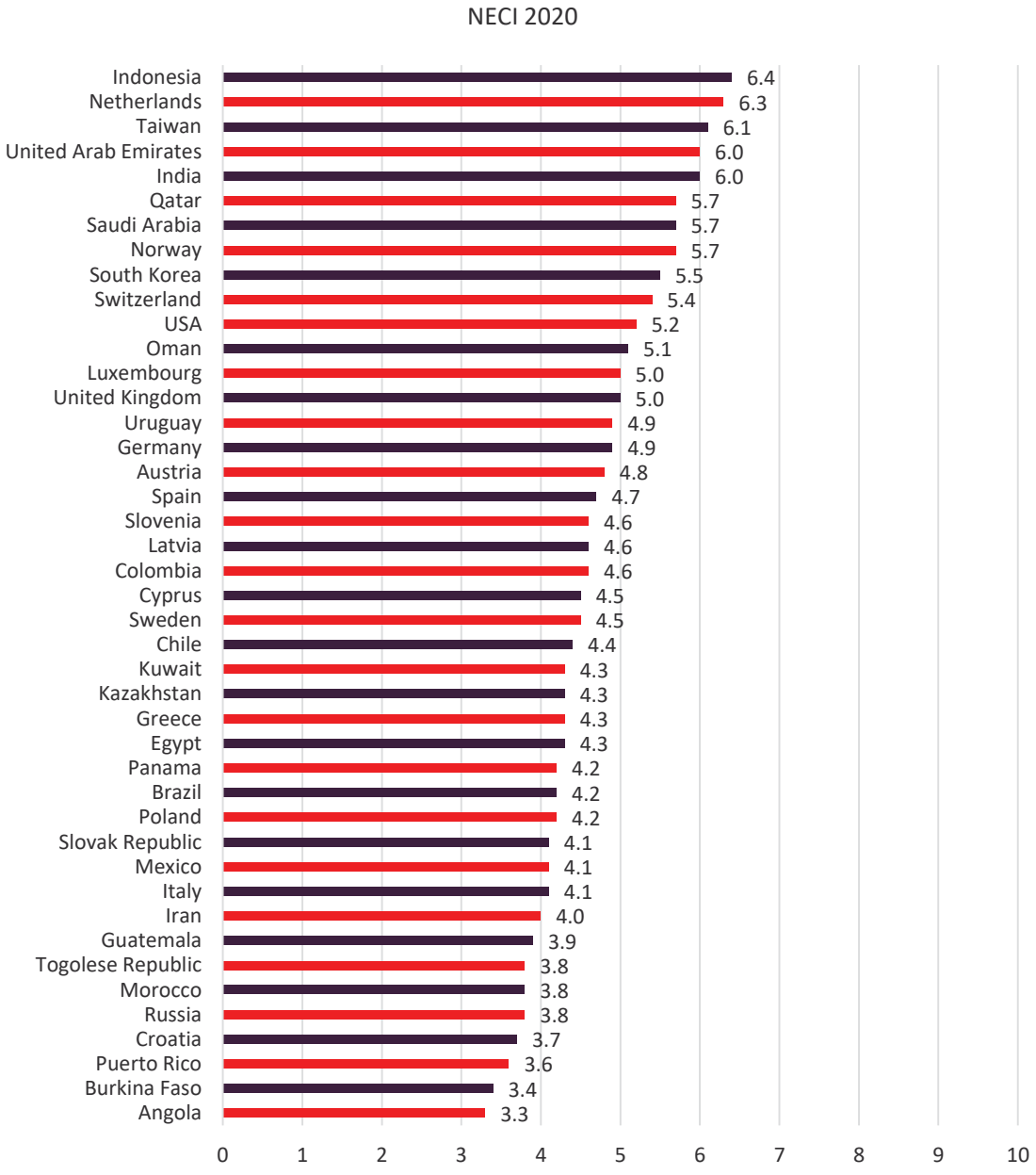


Figure 11-3: NECI 2020 for 45 economies

cilities which focused on the following areas:

- Banking facilities and incentives (deferment of loans, interest rates, credit facilities and loan rescheduling)
- Tax facilities and exemptions (reduction of income tax, exemption of tourism and municipal taxes)
- Exemptions from licensing fees
- Deferment of monthly contributions in the social insurance system
- Reduction of fees
- Exemption from delay penalties
- Emergency financing programs
- Deferment of payment of basic service fees (i.e. electricity and water)
- Examine and handle the conditions of affected enterprises
- A study to measure the impact of incentives and exemptions in improving the status of SMEs

The next section provides detailed information on the internal components of each of the 12 pillars of the NECI, information that reveals what concrete elements can contribute to improving the context if some attention is paid to them.

11.4 Detailed information on the components of the national entrepreneurial framework conditions

The pillars that compose the NECI presented in the previous section are variables that summarize the scores provided by experts in the blocks of items devoted to each topic. In this section, detailed tables showing the average values of the internal components of these blocks are offered for the year 2020 and compared to 2019 for Oman's context. An analysis of the detailed expert evaluation refines the general view and makes it possible to detect the specific strong and weak points of the entrepreneurial context in every section. The average results are offered on original Likert scales of 10 points, where 0 = completely false and 10 = completely true.

11.4.1 Financing for entrepreneurs

The results in Table 11-2 show that in Oman, debt funding is perceived as the most accessible source of finance, followed by government subsidies, informal investors and equity funding. The two first sources are, with high probability, giving support to traditional independent entrepreneurial activity, while the last are supporting innovative and technological-based activities. Similar results had been found in 2019. Still the

Table 11-2: Average scores for the items evaluated by experts on the block on financing for entrepreneurs in 2020

Financing for entrepreneurs	2020 Average score over 10 points	2019 Average score over 10 points
Equity funding (understood as individuals' own finanial resources) available for new and growing firms	5.17	5.06
Debt funding (understood as bank loans and similar) available for new and growing firms	6.2	5.5
Government subsidies available for new and growing firms	5.86	5.31
Funding available from informal investors (family, friends and colleagues) who are private individuals (other than founders) for new and growing firms	5.42	4.47
Professional Business Angels funding available for new and growing firms	4.2	3.36
Venture capitalist funding available for new and growing firms	4.51	4.19
Funding available through initial public offerings (IPOs) for new and growing firms	4.06	3.58
Private lenders' funding (crowdfunding) available for new and growing firms	3.56	3.08

innovative financing sources are not represented as a high share in the financing sources. For instance, crowdfunding, initial public offering, and professional business angels are not sufficiently available for entrepreneurs. The results are evidence that Oman is still using traditional financing methods. In general, there is an improvement in types of financing sources available for entrepreneurs according to the experts' view between 2019 and 2020.

11.4.2 Government policies

Omani experts point out that support for new and growing firms is a high priority at the national and local levels and their responses are perceived as of moderate level on average, as shown in Table 11-3. The average scores for most indicators are improved in 2020 in comparison to 2019, except the score for "new firms can get most of the required permits and licenses in about a week" which is reducing. However, there are still three factors with favorable scores: the amount of tax is not a burden for new and growing firms, taxes and other government regulations are applied to new and growing firms in a predictable and consistent way, and coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms.

11.4.3 Government programs

The Omani experts recognize that there is an adequate number of government programs for new and growing businesses. They consider that science parks and business incubators are providing effective support for new and growing firms, as noted in Table 11-4, which is the same result as in 2019. At positive levels, experts consider that governmental programs are effective in supporting new and growing firms and there is an adequate number of government programs for new and growing businesses. Although there is a wide range of government support, experts are concerned that there are still entrepreneurs who can't find the necessary support from a government program for a new or growing business

Table11-3: Average scores for the items evaluated by experts on the block on government policies in 2020

Government policies	2020 Average score over 10 points	2019 Average score over 10 points
Government policies (e.g., public procurement, legislation, regulation, licensing, taxation) consistently favor new firms.	4.78	3.39
The support for new and growing firms is a high priority for policy at the national government level	5.43	4.89
The support for new and growing firms is a high priority for policy at the local government level	5.34	5.08
New firms can get most of the required permits and licenses in about a week.	2.88	2.89
The amount of taxes is NOT a burden for new and growing firms.	5.21	4.94
Taxes and other government regulations are applied to new and growing firms in a predictable and consistent way.	4.97	4.69
Coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms.	4.09	4

Table 11-4: Average scores for the items evaluated by experts on the block on government programs in 2020

Government programs	2020 Average score over 10 points	2019 Average score over 10 points
A wide range of government assistance for new and growing firms can be obtained through contact with a single agency.	4.53	3.28
Science parks and business incubators provide effective support for new and growing firms.	5.58	4.92
There are an adequate number of government programs for new and growing businesses.	5.31	5
The people working for government agencies are competent and effective in supporting new and growing firms.	4.58	4.33
Almost anyone who needs help from a government program for a new or growing business can find what they need.	4.53	4.28
Government programs aimed at supporting new and growing firms are effective.	5.31	4.75

11.4.4 Entrepreneurship education and training

Traditionally, the entrepreneurship education and training block is the one that experts perceive as the worst within the context. All proposed items are scored as more false than true. Thus, experts agree that teaching in primary and secondary education is not providing adequate instruction in market economic principles and is not encouraging creativity, self-sufficiency and personal initiative, as illustrated in Table 11-5. Experts also consider that school education is not providing adequate instruction to entrepreneurship and new firm creation. Items related to post-school entrepreneurship education are somewhat better scored by experts but none of them is considered as more true than false. Business and management education are considered closer than vocational and university education to providing an adequate preparation for starting up and growing new firms, but there is still a long way to go until experts perceive this training as generally implemented across the post-school educational system.

11.4.5 R&D transfer

Between 2019 and 2020 there were no sufficient improvements in the R&D transfer in Oman per the experts views. According to experts, the R&D transfer block is one that needs attention as a contributing element to promoting entrepreneurship. At this time, experts perceive the transfer of knowledge from universities and research centres to companies as insufficient, as well as the access of the business sector to research in general, as shown in Table 11-6. Instead, they perceive that firms are closer to being able to afford the latest technology. Finally, there is some progress in the consideration that the science and technology base efficiently support the creation of world-class new technology-based ventures in at least one area, and that there is some support available for engineers and scientists to have their ideas commercialized through new firms.

Table 11-5 : Average scores for the items evaluated by experts on the block on entrepreneurship education and training in 2020

Entrepreneurial education and training	2020 Average score over 10 points	2019 Average score over 10 points
Teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative	4.46	3.94
Teaching in primary and secondary education provides adequate instruction in market economic principles	4.24	3.19
Teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation.	4.56	3.28
Colleges and universities provide good and adequate preparation for starting up and growing new firms	5.39	4.22
The quality and amount of practical business and management education provide adequate preparation for starting up and growing a new business	5.32	4.32
The vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms	5.23	4.67

Table 11-6: Average scores for the items evaluated by experts on the block on R&D transfer in 2019

R&D transfer	2020 Average score over 10 points	2019 Average score over 10 points
New technology, science, and other knowledge are efficiently transferred from universities and public research centres to new and growing firms.	4.23	3.78
New and growing firms have just as much access to new research and technology as large, established firms.	4.14	3.92
New and growing firms can afford the latest technology.	4.32	4.67
There are adequate government subsidies for new and growing firms to acquire new technology.	4.45	4.11
The science and technology base efficiently support the creation of world-class new technology-based ventures in at least one area.	4.84	4.19
There is good support available for engineers and scientists to have their ideas commercialized through new and growing firms.	4.44	3.78

11.4.6 Commercial and professional infrastructure

About commercial and professional infrastructure, experts, on average, think that the offer of consultants, managers and similar services is somewhat insufficient and expensive, except for banking services which has a sufficient score, as presented in Table 11-7. The data on entrepreneurial and consolidated activity obtained on this sector describe it as close to the previous years, which needs more focus from the government to meet this sector in better conditions.

11.4.7 Internal market dynamics, regulations and burdens

As shown in Table 11-8, experts perceive 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. E-business has grown during the COVID-19 period, specifically during the lockdown periods. As in the previous year, there is a barrier to enter markets by new and growing firms as experts caution. On the other hand, in the area of barriers, although they admit that entrepreneurs have sufficient market access, they also warn that they have to face a certain degree of blockage by companies consolidated in the market and that the antitrust legislation could be better enforced.

11.4.8 Physical infrastructure

The physical infrastructure average score in Oman has been reduced in 2020 in comparison to 2019. Although it is not improved in 2020, the evaluation of the physical infrastructure regarding its support for the activity of new and growing companies is sufficient. The strongest points refer to the facilities for obtaining basic electricity, water, gas and similar services, as well as communications and the Internet. The weakest aspect is the expensive costs of communication services and getting access to the various communication services, as noted in Table 11-9.

Table 11-7 : Average scores for the items evaluated by experts on the block on commercial and professional infrastructure in 2020

Commercial and services infrastructure	2020 Average score over 10 points	2019 Average score over 10 points
There are enough subcontractors, suppliers, and consultants to support new and growing firms.	4.46	4.19
New and growing firms can afford the cost of using subcontractors, suppliers, and consultants.	4.47	4.08
It is easy for new and growing firms to get good subcontractors, suppliers, and consultants.	4.46	4.03
It is easy for new and growing firms to get good, professional legal and accounting services.	4.97	4.94
It is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like).	5.83	5.67

Table 11-8: Average scores for the items evaluated by experts on the block on internal market dynamics, regulations and burdens in 2020

Market openness	2020 Average score over 10 points	2019 Average score over 10 points
The markets for consumer goods and services change dramatically from year to year	5.69	5.75
The markets for business-to-business goods and services change dramatically from year to year	5.63	5.36
New and growing firms can easily enter new markets	4.94	4.56
New and growing firms can afford the cost of market entry	4.77	4.06
New and growing firms can enter markets without being unfairly blocked by established firms	4.75	3.54
The anti-trust legislation is effective and well enforced	5.11	3.59

Table11-9: Average scores for the items evaluated by experts on the block on physical infrastructure in 2020

Physical infrastructure	2020 Average score over 10 points	2019 Average score over 10 points
The physical infrastructure (roads, utilities, communications, water disposal) provides good support for new and growing firms	6.84	7.11
It is not too expensive for a new or growing firm to get good access to communications (phone, Internet, etc.)	5.44	5.5
A new or growing firm can get good access to communications (telephone, internet, etc.) in about a week	5.65	6.14
New and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer)	5.78	6
New or growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month	6.31	6.19
There are plenty of affordable office spaces to rent for new and growing firms	6.44	NA
There are plenty of affordable production spaces to rent for new and growing firms	5.73	NA

Table11-10 : Average scores for the items evaluated by experts on the block on cultural and social norms in 2020

Cultural and social norms	2020 Average score over 10 points	2019 Average score over 10 points
The national culture is highly supportive of individual success achieved through own personal efforts	6.38	6.14
The national culture emphasizes self-sufficiency, autonomy, and personal initiative	6.41	6
The national culture encourages entrepreneurial risk-taking	5.24	4.69
The national culture encourages creativity and innovativeness	6	5.67
The national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life	5.71	6.08

11.4.9 Cultural and social norms

As shown in Table 11-10, this block about social and cultural norms is the second best rated by experts, a result that is in line with those obtained about the high prevalence of entrepreneurial values in the population. Thus, experts strongly claim that the national culture highly emphasizes self-sufficiency, autonomy, and personal initiative, and it is also highly supportive of individual success achieved through personal efforts. They are positive about the promotion of entrepreneurial risk-taking, creativity and innovativeness, and managing one's own life

11.5 Experts' recommendations to improve the national entrepreneurial framework for the year 2019

As a complement, the expert questionnaire contains an open-ended questions section that provides 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 11-11) reveals that the five top topics cited as constraints faced by entrepreneurs in the national context are related to

1. Government policies,
2. Access to finance,
3. Cultural and social norms,
4. Government support programs, and
5. Entrepreneurial education and training.

Other experts claim that capacity for entrepreneurship and the support for R&D transfer can also be considered as constraints for the development of the entrepreneurship sector in Oman.

The following points summarize the main areas that are constraining entrepreneurial activity in Oman according to the experts' views:

- Complex government procedures
- Legislations & Governance
- School and post-school entrepreneurship education and training programs
- Lack of development for government entrepreneurial programs
- Marketing challenges
- Intensive competition from well-established firms
- Lack of new funding sources and difficulties

to get access to financial sources
- Lack of support for creative ideas
- No portals to connect buyers and sellers locally
- The weakness of internet services

In terms of support, the top five topics for 2020 that can enhance the entrepreneurial activities in Oman, as shown in Table 11-11, are:
- Financing support,
- Government programs,
- Entrepreneurship education and training,
- Government policies, and
- Cultural and social norms along with the capacity for entrepreneurship.

Experts have addressed several actions to support entrepreneurship in the context of Oman in terms of:
- Providing more facilities for entrepreneurs from the public and private sectors
- Completion of procedures for starting the business in one office or one-stop-station
- Introducing entrepreneurship curriculum in schools
- Providing cultural and social support
- Enhancement using advanced technology, and improving creativity and innovation in the products and services provided
- Establishing the incubation program and centres, and prototyping centres
- Providing more start up financing and facilitating access to capital
- Creating a National Tendering System for SMEs
- Simplifying procedures in governmental offices and improving the policy system
- Encouraging home business and side business types

Several experts show through their comments that government programs and Vision 2040 plans are highly appreciated, as well as the role of entrepreneurship as an economic tool that can support the Sultanate in the econom-

Table 11 -11: Main topics cited by experts as constraints, supports and recommendations related to the average state of the national context for entrepreneurs in Oman in 2020

Topic	Constraint (%)	Support (%)	Recommendation (%)
Financial support	43.3	42.9	48.3
Government policies	90	35.7	79.3
Government programs	16.7	39.3	44.8
Entrepreneurial education and training	16.7	39.3	37.9
R&D transfer	10	10.7	13.8
Commercial Infrastructure	10	17.9	13.8
Internal Market Openness	20	10.7	10.3
Physical Infrastructure Access	3.3	14.3	6.9
Cultural & Social Norms	26.7	25	10.3
Capacity for Entrepreneurship	20	7.1	3.4
Economic climate	0	0	0
Work Force Features	6.7	7.1	0
Perceived Population Composition	6.7	0	0
Political, Institutional and Social Context	0	10.7	0
Economic Crisis	6.7	3.6	0

Corruption	0	0	0
Different performing of small, medium and large companies	0	0	0
Internationalization	3.3	7.1	10.3
Labor costs, access and regulation	0	0	0
Information	3.3	0	0

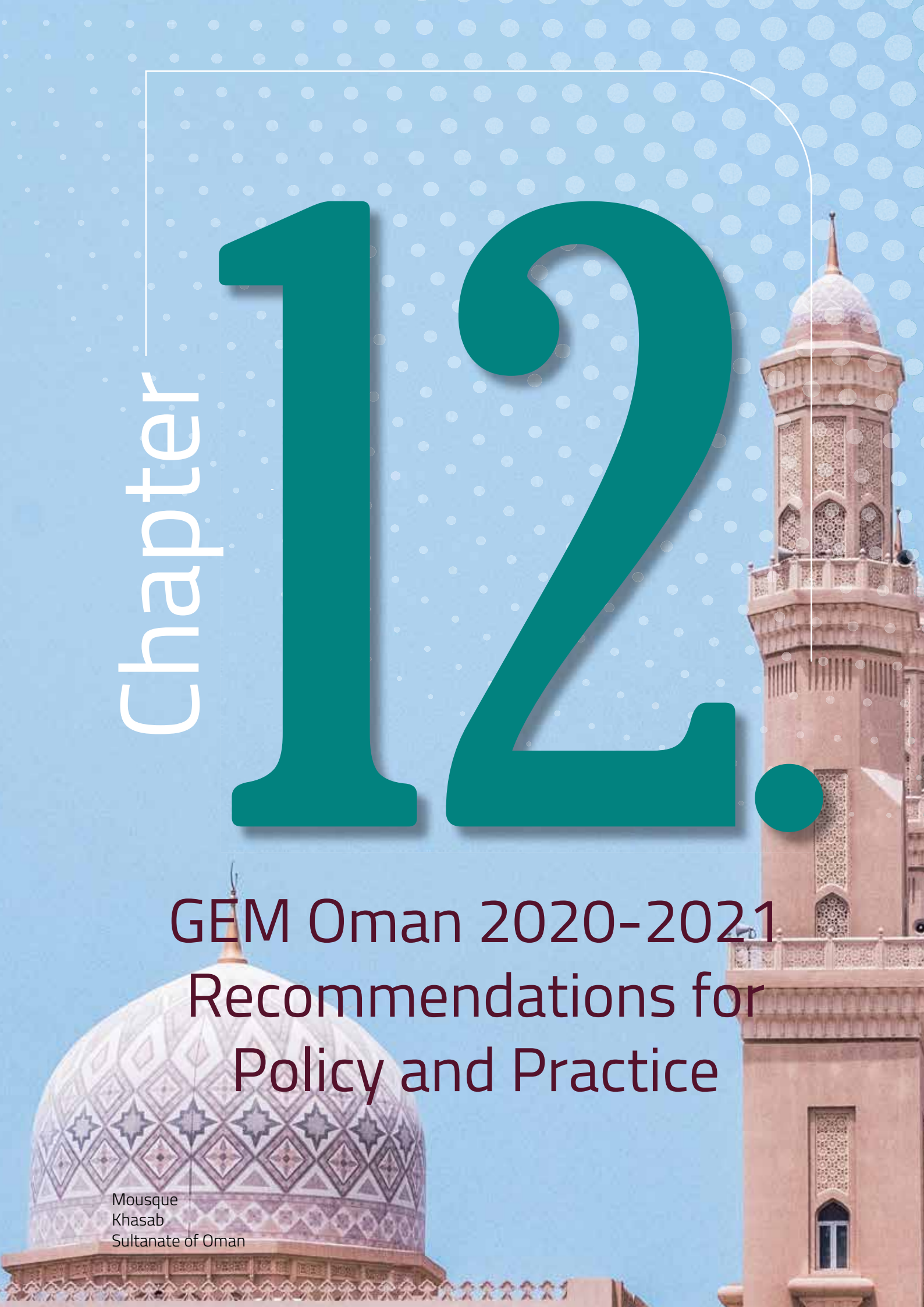
ic diversification strategic plan. Experts recommend centralizing and developing the entrepreneurship sector in Oman, and increasing the number of incubators and accelerators and other elements that dynamize entrepreneurship. Others highlight the high-quality venture capital availability for some types of business, the large market with good purchasing power, the society's support and many more. That is why, finally, it makes a lot of sense that the top five topics cited in their recommendations are:

1. Continue developing financing support,
2. Improve the regulation on the government process and government policies for entrepreneurs,
3. Increase actions to implement entrepreneurial education,
4. Reinforce the commercial infrastructure, and
5. Continue investing in efficient government programs.

Chapter

12.

GEM Oman 2020-2021 Recommendations for Policy and Practice



Mousque
Khasab
Sultanate of Oman

12.1 Introduction

Oman has successfully transformed its economic and societal smoothly into an entrepreneurial culture that creates more job opportunities for its citizens. However, the transition has yet to create a realization among Omani citizens who depend on the government to create jobs for them. This trend will continue in the years to come because of the adverse impacts of the COVID-19 pandemic on the country's economy. The authors' recommendation for policy and practice are discussed next.

12.2 High-growth entrepreneurs

Balancing strong recovery from the pandemic, the government should provide special policies to support and grow new businesses. Moreover, Omanis have high-level visionary mindset and are very motivated and determined to bring change to the country. They are able to generate novel ideas and produce innovative solutions to real life problems. Despite challenges of varying natures and degrees they encountered, it is clear that they also present opportunities, especially for innovative and dynamic entrepreneurs in the country. The government has to focus on high-growth entrepreneurs in order to build a generation of robust, and engaged entrepreneurs.

12.3 Oman Ecosystem-approach

Protective and supportive environment clusters or business hubs and innovative hubs should be created to assist business startups. The various stakeholders need to join forces in these clusters or business hubs that include entrepreneurs, as well as commercial and professional support infrastructures.

Developing the different levels of the mentorship programs and improving mentorship outcomes have become necessary to build young Omanis' confidence in their identity and commitment to their social values. This is attainable through increasing the quality of mentors, entrepreneurial trainers and consultants. Thus, several initiatives should be fostered to enhance the entrepreneurial ecosystem in Oman in order to have more high ambition start-ups and growing SMEs.

12.4 Innovation-based business and gazelles

Formulating and implementing policies that encourage innovation and entrepreneurship at the firm, regional, and national levels have become the Sultanate of Oman Vision 2040's national priorities. It is important to create more awareness of the role of innovations and entrepreneurship in the country's economic development. Introducing innovation policy oriented at generating innovations rather than their dissemination, together with sufficient development of educational programs which shape innovative attitudes are thus necessary. Moreover, relevant practical trainings for aspiring entrepreneurs are needed in new product and process innovation (new technology development) in line with the industrial and economic developments that are occurring in the country. Government should thus provide funding channels and innovative funding for business development services. This is important because innovative activity is the accelerator of economy as well as something that changes the thinking and the culture of enterprises toward sustainable growth.

12.5 Women entrepreneurship

Encouraging entrepreneurship embracing technology, knowledge, and innovation has always been Omani future economy. However, there is a gender gap in the entrepreneurial ecosystem in Oman, that is, there are less women entrepreneurs in this sector and it is quite obvious that women entrepreneurial projects are less supported. The added value to an entrepreneurial ecosystem of women entrepreneurs could support women entrepreneurs, especially women who are motivated to make a difference in the world.

12.6 Fear of failure and resilience

Corporations, investors, and government should be disruptive and should adopt a new approach to investing and funding new businesses in order to spur entrepreneurial activity. They need to support entrepreneurs and encourage them to keep trying, even if they fail the first time. The Oman ecosystem should accept the fact that there may be a high chance of a first venture failure. They also need to recognize that failure is necessary in the entrepreneurial journey.

12.7 Informal investment, equity funding and business angels

The informal investment is an important factor in financing entrepreneurial ecosystem in Oman. Insufficient crowdfunding, equity funding and business angels for entrepreneurs to

focus their investment at the growing stage of their companies represent some challenges faced by entrepreneurs in the country, The Omani government needs to recognize and outcome these challenges in order to allow as well as to enhance their internationalization to create a greater impact for the local economy and society.

12.8 Entrepreneurship education

Finally, many people who choose starting a new business is considered as the most desirable career choice in Oman. Thus, it is important for government to increase investment in training programs in entrepreneurship outside the traditional higher education institutions. That is, practical and interactive business and entrepreneurship training programs are an important factor in encouraging effective entrepreneurship. Programs must be regularly evaluated and continually improved to take into account changes in the national conditions and research findings.

Introducing education in entrepreneurship at the secondary school level that equips learners with key business skills is something that is important and necessary for the country. Furthermore, it is important that the teachers in these courses are well trained. The schools need to actively promote entrepreneurship as a career path, by inviting successful young entrepreneurs to participate in the educational program.

The government should also provide funding to higher education institutions, both public and private, to enable them to establish an incubator in their premise for incubating new ventures and startups and have access to growth-related resources they require, all under one roof.

2021

Entrepreneurship Center

University of Nizwa, Nizwa
Sultanate of Oman
P.O. Box 33, PC 616
Tel: +968 25446419, +968 25446616
Email: ep@unizwa.edu.om
Webpage : https://www.unizwa.edu.om

@EP_Unizwa ep_unizwa

Scan for
Entrepreneurship Center
Web page

Scan for
GEM National
Report