

STUDENT PERCEPTIONS ON BUSINESS OPPORTUNITIES AND BARRIERS FOR BUSINESS START-UP IN OMAN

Adil Hassan Bakheet, Sohar Unversity

ABSTRACT

In Oman, the entrepreneurship culture is enriched with programs that are initiated by private sectors and government. It helps the students in formulating the enterprise policies and improve activities that are related with entrepreneurship. Therefore, the study has mainly focused on the evaluation of students' perception regarding barriers for starting a new business. The study has recruited 2529 students through cluster sampling from different universities in Oman. The survey was conducted through questionnaire, which consists of Likert scale questions. The data obtained from the students was analysed using SPSS version 20.0. Multiple regression test has been applied to investigate association between different variables. The results showed that half of the students agreed and were confident on their ability to prepare business plan on their own. On the other hand, 35% of the students were not confident about their abilities in organizing their marketing skills. The regression analysis revealed that entrepreneurial attitudes of students were positively associated with their perceptions of business opportunities. Moreover, entrepreneurship attitude of students is positively related to perceptions of barriers, when the students are focused on starting a new business. The results concluded that students were optimistic and interested in starting their own businesses.

Keywords: Student Perceptions, Business Opportunities, Barriers, Start-Up, Oman.

INTRODUCTION

The entrepreneurial culture has been enriched as a result of different programs initiated by the government and private sectors in Oman. The barriers experienced in the way towards entrepreneurship for young people cannot be neglected; while, recognizing the problem of unemployment. The entrepreneurs face difficulties and challenges because of limited resources and experience. As compared to the general entrepreneurship, youth entrepreneurship has its own specific merits. It is believed that young individuals, who tend to start their own business, are more interested in achieving independence, rather than desire to earn money or attain job security (Tackey and Perryman, 1999). Oman is trying to develop an entrepreneurial culture and positive attitudes of people towards entrepreneurship that would help to formulate the enterprise policies and to improve the activities associated with entrepreneurship.

The entrepreneurs tend to possess increased confidence in their abilities, desire for responsibility, high level energy, preference to take moderate risk, skill at organizing, desire for immediate feedback and value of achievement. Significance of young entrepreneurs for growing economies has grown much attention of young entrepreneurs to start their own business. However, propensity to start a business is comparatively more among the male population (Schoof, 2006). As compared to the general entrepreneurship, youth entrepreneurship is more

beneficial as young individuals are more likely to hire youths, who are more receptive to the new economic trends and opportunities. Moreover, it is also believed that young people with entrepreneurial skills have proved to be better employees.

Problem Statement

The career in entrepreneurship is usually avoided due to the aim and interest of students for getting job opportunities in public and private sectors. There is much difference in the environments as it encourages the potential entrepreneurs to start up a new business. The students tend to search for business education, which can equip them with necessary entrepreneurial skills and knowledge to run their own business for creating a job from the existing entrepreneurial opportunities. However, the students move towards the establishment of a new business due to limited capabilities of public and private sectors. Moreover, in many countries including Oman, unemployment has become a national issue as there is increase in the graduates from public and private institutions, who join the labor market. Therefore, the study has evaluated the barriers faced by young individuals in establishing their own business.

Aim of the Study

The study has aimed to evaluate the perception of students on barriers for starting up new business. The study has also drawn some policy implication that has extended positive entrepreneurial attitudes and intentions among the students in Oman universities.

LITERATURE REVIEW

Few studies have revealed main reasons behind entrepreneurial behaviour including economic factors as well as other factors that prevail in their business environments. Throughout the world, the entrepreneurs comprise of diverse social and cultural views that affect their intention and attitude towards starting their own business. Every country holds specific norms and values that define perspective of individuals towards entrepreneurship. Individuals, living in a diverse environment, have a wide range of demands, expectations and outlooks about the complex and diverse values. According to Henry (2004), students tend to search for such business education, which would equip them with basic and necessary knowledge about entrepreneurship to run their own business. After studying the extent of youth entrepreneurship, Llisterri et al. (2006) stated that the young individuals, who become entrepreneurs, play a significant role in creating high growth and dynamic enterprises, which offer employment to other individuals.

The individuals indicate increased expected utility for greater entrepreneurial intentions on the basis of their attitude towards income, risk, independence, net perquisites and risks. The attitude of respondents towards entrepreneurship is associated with their intentions to start a new business. The strong intentions to start up a new business are possessed by the substantial minority of students (Maalu et al., 2010). According to Aghazamani and Roozikhah (2010), students who are interested in learning about markets, industries, corporations and business regulations within the entrepreneurial climate are more motivated as compared to others. Moreover, a study conducted by Khan and Almoharby (2007) revealed the significance of entrepreneurial activity for the development of economies and future growth within Oman.

The main factors affecting intentions and attitudes of entrepreneurs include; access to credit, exposure, fear of failure and risk. In order to obtain perception and financial support for entrepreneurship as a career, institutional and cultural support factors have been divided into policies and institutions that specify how to start ventures. According to Shapero and Sokol (1982), Entrepreneurial Events Theory stated that interruption and displacement in inertia is responsible for guiding the behaviour of humans. On the contrary, actions, preceded by conscious decisions to act in a certain way, have been considered in the Theory of Planned Behaviour. The intention towards entrepreneurship with feasibility has provided evidence on the basis of perceived desirability, perceived propensity and perceived credibility. Tolerance, independence and income play a significant role in the decision of being self-employed.

METHODOLOGY

The study has mainly focused on the students of Omani universities to conduct sample survey among them. The survey has been conducted through questionnaire to collect data for investigating the perception of students on the barriers and opportunities to start a new business in Oman. Cluster sampling has been used for sampling the respondents from different universities and a total of 2529 students have been recruited. The interviews have been taken from some stakeholders that include Higher Education Institutions (HEI), Oman Chamber of Commerce and Industry (OCCI) and other relevant government bodies. Besides considering the opinions of foreign counterparts (expatriate students), the study has mainly focused in college and university students, who represent the youth population of Oman.

The study mainly comprised of individual college and university students; whereas, all the health, religion and military college students were excluded. The research instruments have been developed and tested in both English and Arabic. The questionnaire collected demographic details of the participants and it is also consisted of primary Likert-scale questions. Some projections have also been made as accurate statistics were not available at the time of sampling and data collection for academic year 2014-2015. In order to have proportional sampling for each individual, a percentage was calculated for each student from their total number. The sample size included students from 7 technical colleges, 6 applied colleges and 27 private colleges and universities (Table 1).

Higher Education institutions	No. of Students in HEIs (2529)						%	Sample
	10-Nov	11-Dec	Dec-13	13/14	14/15	15/16		
Sultan Qaboos University (SQU)	13	15	13	13	14	15	11.45	290
Colleges of Applied Sciences (6)	8	8	6	7	8	8	6.1	154
Technical colleges (7)	24	13	31	33	35	38	29.01	734
Private Universities & Colleges (22) in (06/07); 24 (08/09) & (27) by (10/11)	40	49	52	60	65	70	53.44	1351
Total	85	85	102	113	122	131	100	2529

Multiple regression analysis has been applied on the data obtained from the students, using Statistical Package of Social Sciences (SPSS). Statistical analysis has mainly focused on the mean testing to assess group differences. Moreover, regression test has been applied to test the association between different variables.

RESULTS AND DISCUSSION

The period of data collection started from February 2016 and lasted till August 2016. Few of the college students were approached during their summer courses. Table 2 has shown the demographic details of the students who participated in the survey.

Table 2 DEMOGRAPHIC DETAILS OF THE STUDENTS			
Attributes	%	Attributes	%
Gender		Nationality	
Male	31.5	Omanis	95.7
Female	68.5	Non-Omanis	4.3
Age		Marital status	
(15-20)	23.7	Single	80.2
(21-25)	66.2	Married	16.4
(26-30)	5.6	Engaged	3
(31-35)	2.7	Divorced	0.3
(36 and above)	1.7	Missing	0.05
Missing	0.1		
Family income/month		Family own business	
less than 500	26.3	Yes	38.3
(500-1000)	45.3	No	61.4
(More than 1000)	27.9	Missing	0.3
Missing	0.5		
Seriously thought to start-up		Type of HEI	
Yes	56.9	Public	48.3
No	42.5	Private	51.7
Missing	0.7		
Geographical Location of HEI			
Al-Rusatq	1.4	Muscat	54.7
Barka	1.3	Nizwa	5.6
Al-Musana'a	2.3	Salalah	7.7
AL-Buraimi	5	Sohar	7.8
Ibra	6.1	Shinas	2.6
Ibri	3.2	Sur	2.4

The responses of students for each statement have been reflected through means, median, mode and standard deviation. The awareness of students regarding the available business opportunities is considered significant in the dynamic economy of Oman. The results clearly showed that students do not consider loan and lack of technology as hurdles in starting new business. They did not consider their ability as an obstacle in running new businesses (mean 2.47, median 2.00 and mode 2.00). The only problem faced by them is when they tend to start a new business. 50% of the students agreed on the fact that they have received professional education for starting a new business. However, diverse responses were obtained regarding encouragement and provision of guidance and advice from the colleges and universities (Table 3). Although the government and Oman Chamber of Commerce and Industry (OCCI), greatly support the students in starting new business, but unfortunately the support is not sufficient. Table 3 also shows that 50% of the students strongly agree on their ability to prepare business plan on their own. However, 35% of the students were not sure about their abilities to organize their marketing skills.

Statements	N	Mean	Median	Mode	σ
It is easy to get necessary loans to start a business in Oman	2123	2.52	2	2	1.06
The appropriate technology, (for communication, processing, quality assurance, etc.) is available in Oman to start a business	2118	2.45	2	2	0.911
I have the professional education to start my own business	2118	2.58	2	2	1.056
I have enough information about how to start a business.	2116	2.65	3	2	1.061
I can get advice from OCCI or any other institution on how to start a business	2113	2.63	3	2	1.027
I have sufficient time for training to improve in areas of entrepreneurship	2121	2.63	3	2	1.098
My college advises and guides me to start my own business	2120	2.52	2	2	1.159
Omani's values and culture support starting a business	2114	2.43	2	2	0.936
My family will help me in starting and running my own business	2117	2.17	2	2	1.011
It is easy for a woman to start a business in Oman	2118	2.45	2	2	1.099
I have the ability to prepare a business plan on my own.	2117	2.55	2	2	1.045
I have the ability to organize and assess financial statements	2119	2.69	3	3	1.001
I have the necessary skills to market my products or services	2117	2.58	2	2	1.036
I have the necessary level of creativity to propose a good business idea	2113	2.48	2	2	1.007
I have enough confidence to run my own business	2123	2.47	2	2	1.04
I can act independently with high level of efficiency	2115	2.57	3	3	1.017
I can gain the acceptance and respect of other people	2118	2.31	2	2	1.064
Students perception average of business opportunities	2048	2.51	2.5	2.4	0.536

The variables have been measured on the basis of Likert scale (1=strongly agree, 2=agree, 3=neutral, 4=disagree, 5=strongly disagree).

Table 4 has summarized the association between perception of students regarding business opportunities and their attitudes towards entrepreneurship. ANOVA table has shown that at 0.000 significant level, F-value is 682.460. The results have shown that the entrepreneurial attitudes of students were positively associated with their perceptions of business opportunities (Table 4).

Table 4					
REGRESSION ANALYSIS SHOWING STUDENTS' PERCEPTION TOWARDS BUSINESS OPPORTUNITIES AND THEIR ATTITUDE TOWARDS ENTREPRENEURSHIP					
R	R Square	Adjusted R Square	Std. Error of the Estimate		
0.501 ^a	0.251	0.25	0.61147		
ANOVA^a					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	255.166	1	255.166	682.46	.000 ^b
Residual	763.112	2041	0.374		
Total	1018.278	2042			
COEFFICIENTS^a					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.603	0.065	0.501	9.311	0
Business Opportunities	0.66	0.025		26.124	0

On the other hand, Table 5 has summarized the association between students' perception of barriers and their attitudes towards entrepreneurship in Oman. At 0.000 significant level, ANOVA test has shown F value to be 728.099. Therefore, the results have depicted that entrepreneurship attitude of students in Oman is positively associated with their perceptions of barriers while starting a new business (Table 5).

Table 5					
REGRESSION ANALYSIS SHOWING STUDENTS' PERCEPTION TOWARDS BARRIERS AND THEIR ATTITUDE TOWARDS ENTREPRENEURSHIP					
R	R Square	Adjusted R Square		Std. Error of the Estimate	
0.511 ^a	0.261	0.261		0.61131	
ANOVA^a					
	Sum of Squares	df	Mean Square	F	Sig.
	272.087	1	272.087	728.099	0.000 ^b
	768.69	2057	0.374		
	1040.777	2058			
COEFFICIENTS^a					

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.72	0.059	0.511	12.263	0
Perception of Barriers	0.614	0.023		26.983	0

The study has highlighted the perception of students about personal, external and infrastructure barriers. The strength of beliefs about starting up new business is likely to affect the attitudes of students negatively. The attitudes towards entrepreneurship can be strengthened through interacting with other entrepreneurs. The students desire to start their own business for getting benefits of working hard, independence and self-realization. A study conducted by Kolvereid (2016) predicted the intentions of business start-up by giving preference to self-employment, along with the measures of subjective norms and perceived behavioural control. The efforts involved in starting up a business depend on the perceived behavioural control. According to Bae, et al. (2014), entrepreneurship education has been assumed for enhancing the awareness of entrepreneurship as an alternative career plan for employment. As compared to business education, the entrepreneurship education is more effective pedagogical tool to enhance the entrepreneurial capabilities of students (Martin et al., 2013). The chance of pursuing entrepreneurial endeavour is increased among the individuals, who possess increased tolerance for risk and strong positive attitudes towards independence and income (Fitzsimmons & Douglas, 2005).

CONCLUSION

The study concluded that majority of the students were interested and optimistic in starting their own business. However, these students lacked knowledge regarding starting new business. The willingness of students to start a new business with established entrepreneurs was observed. The major obstacles faced by students in treading an entrepreneurial path were unwillingness and fear of failure. The study has indicated that enterprise education is required to nurture entrepreneurship among the Omani students at program and course levels. These outcomes would help the policymakers to assess the importance of entrepreneurship education because Oman needs to create a lot of employment opportunities for its growing youth population, where start-ups can help in this respect.

ACKNOWLEDGMENT

The author is very thankful to all the associated personnel in any reference that contributed in/for the purpose of this research.

CONFLICT OF INTEREST

The author declares no conflict of interest.

FUNDING

This study is based on a research grant funded by The Research Council of Oman (TRC). The author would like to express his sincere thanks and gratitude to (TRC) for funding the project.

REFERENCES

- Aghazamani, A. & Roozikhah, E. (2010). Entrepreneurial characteristics among university students: A comparative study between Iranian and Swedish University students. *European Journal of Social Sciences*, 18(2), 304-310.
- Audretsch, D. & Keilbach, M. (2004). Entrepreneurship capital and economic performance. *Regional studies*, 38(8), 949-959.
- Bae, T.J., Qian, S., Miao, C. & Fiet, J.O. (2014). The relationship between entrepreneurship education and entrepreneurial intentions: A meta-analytic review. *Entrepreneurship theory and practice*, 38(2), 217-254.
- Fitzsimmons, J.R. & Douglas, E.J. (2005). Entrepreneurial attitudes and entrepreneurial intentions: A cross-cultural study of potential entrepreneurs in India, China, Thailand and Australia.
- Henry, C., Hill, F.M. & Leitch, C.M. (2004). The effectiveness of training for new business creation: A longitudinal study. *International Small Business Journal*, 22(3), 249-271.
- Khan, G.M. & Almoharby, D. (2007). Towards enhancing entrepreneurship development in Oman. *Journal of Enterprising Culture*, 15(4), 371-392.
- Kolvereid, L. (2016). Preference for self-employment: Prediction of new business start-up intentions and efforts. *The International Journal of Entrepreneurship and Innovation*, 17(2), 100-109.
- Llisterri, J.J., Kantis, H., Angelelli, P. & Tejerina, L. (2006). *Is Youth entrepreneurship a necessity or an opportunity?: A first exploration of household and new enterprise surveys in Latin America*. Inter-American Development Bank.
- Maalu, J.K., Nzuve, S.M. & Magutu, P.O. (2010). *A survey of personal goals and perception of entrepreneurial ability among students at the school of business*. University of Nairobi.
- Martin, B.C., McNally, J.J. & Kay, M.J. (2013). Examining the formation of human capital in entrepreneurship: A meta-analysis of entrepreneurship education outcomes. *Journal of Business Venturing*, 28(2), 211-224.
- Schoof, U. (2006). *Stimulating youth entrepreneurship: Barriers and incentives to enterprise start-ups by young people*. International Labour Organization.
- Shapero, A. & Sokol, L. (1982). The social dimensions of entrepreneurship.
- Tackey, N.D. & Perryman, S. (1999). *Graduates mean business*. Inst. for Employment Studs.
- Taras, V., Kirkman, B.L. & Steel, P. (2010). *Examining the impact of Culture's consequences: A three-decade, multilevel, meta-analytic review of Hofstede's cultural value dimensions*.