

Chapter 78

Entrepreneurship in Sultanate of Oman: A Case Approach

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ABSTRACT

In Startup Rising: The Entrepreneurial Revolution Remaking the Middle East, Schroeder reminds one that the collective GDP of the Arab world is larger than Russia's and India's and nearly twice that of China on a per capita basis. The Middle East has more than 350 million people whose disposable income has grown by 50 percent over the last three years and whose Internet appetite has been expanding at a speed that rivals that of any other region in the world. More than 40 percent of those online denizens say that they would like to start their own businesses. Sultanate of Oman is no exception and eyeing towards more entrepreneurial activities. The government is also keen to facilitate entrepreneurship development. In this backdrop, the aim of this paper is to understand entrepreneurship with reference to Sultanate of Oman, a stable balanced developing economy in Middle East. With rising trends towards entrepreneurship, and hotbeds of entrepreneurial activity emerging therein, the core of the paper is to provide insights of entrepreneurship in Sultanate of Oman through case approach.

INTRODUCTION

Entrepreneurship has assumed super importance for accelerating economic growth both in developed and developing countries. It promotes capital formation and creates wealth in country. It is hope and dreams of millions of individuals around the world. It reduces unemployment and poverty and it is a pathway to prosper. Entrepreneurship is the process of exploring the opportunities in the market place and arranging resources required to exploit these opportunities for long term gain (Baporikar, N 2002). It is the process of planning, organizing, exploiting opportunities. Thus it is a risk of business enterprise. It may be distinguished as an ability to take risk independently to make utmost earnings in the market. It is a creative and innovative skill and adapting response to environment. Given entrepreneurship's

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potential to support economic growth, it is the policy goal of many governments to develop a culture of entrepreneurial thinking. This can be done in a number of ways: by integrating entrepreneurship into education systems, legislating to encourage risk-taking, and national campaigns. An example of the latter is the United Kingdom's Enterprise Week. Outside of the political world, research has been conducted on the presence of entrepreneurial theories in doctoral economics programs.

Dan Johansson, fellow at the Ratio Institute in Sweden, finds such content to be sparse. He fears this will dilute doctoral programs and fail to train young economists to analyze problems in a relevant way. Many of these initiatives have been brought together under the umbrella of Global Entrepreneurship Week, a worldwide celebration and promotion of youth entrepreneurship, which started in 2008. Some of the countries have even established separate institutions to develop entrepreneurship. Debate on the value and importance of entrepreneurship at the national level has almost reached consensus in developed societies. Unfortunately, this is not the case in many developing countries. Developed economies produce 10 times more new ventures per adult per year compared to countries in the Middle East (World Bank, 2010). In most of these countries, the problem is not lack of entrepreneurship, but rather a negative macro environment and infrastructure, which channels entrepreneurial activity into unproductive and destructive economic directions. This is especially visible in three core issues: opportunity to enter, access to capital, and access to skill and knowledge (UNDP, 2004). Furthermore, most of the entrepreneurship activity in these countries is 'necessity entrepreneurship' and not opportunity driven (Reynolds et al., 2004). A prevailing high unemployment situation, when combined with low social welfare infrastructure, pushes people in these countries to start a business in order to survive. In addition, many of these businesses are in the informal sector because of the rigid and expensive new business start-up process, thus limiting their ability to expand through formal channels of resources (Reynolds et al., 2004). Based on the recent 'Doing Business 2010' report, the last 40 positions in ease of doing business are all occupied by developing countries. The overall lack of entrepreneurship development in many of these countries can be attributed to hostile entrepreneurial environments.

On the positive side, there have been some new entrepreneurship development initiatives, especially in the Gulf region. For example, the Qatar Science and Technology Park, Knowledge Economic City in Saudi Arabia, Knowledge Oasis, Oman and Dubai's Mohamed bin Rashid Al-Maktoum Foundation are all promising initiatives that are much needed. India is also a promising role model for other developing countries, and is one of the oldest countries that have developed successful entrepreneurship development initiatives (Gupta, 1989). But, with approximately 50% living below the poverty line with high population growth rates in the world, these government efforts need to be accelerated and organized. The only way forward in these countries is through emphasizing endogenous development rather than depending on external aid or foreign investments alone. Encouraging entrepreneurship will do developing countries more good, in terms of long-term growth and gains in productivity, leading to better entrepreneurship and economic development.

BACKGROUND

The Sultanate of Oman is an Arab country located on the eastern side of the Middle East, bordering the United Arab Emirates, the Kingdom of Saudi Arabia, and Yemen. It has a population of approximately 2.8 million, and covers 309,500 square kilometres. When the current Sultan, Qaboos bin Said, assumed power in 1970, a new era began in the modern history of the country. Pre-1970 Oman was characterized

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