

An Empirical Study on Entrepreneurial Perception among Students in Oman

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Abstract

Entrepreneurship is an important aspect for economic growth in any country. This research paper assesses the perception of students in Oman on entrepreneurship. A research was undertaken by conducting structured questionnaire interview with students at various levels of higher educational institutes in Oman who pursued entrepreneurship as a specialization or a subject. Analyzing the data collected efficiently using various quantitative techniques to identify the relationships between multiple factors which influenced the decision to be an Entrepreneur. Efforts were made to build a regression model among various dependent and independent variables under study. Data was collected from 100 students. Research concluded with appropriate observations which were made based on the data collected. Final conclusion of the research paper indicated that various independent variables under study (business family background, government funding and appropriate infrastructure) had limited influence on the dependent variable (being an entrepreneur). It can be suggested that inclusion of more independent variables in study could have better influence on the aspect of being an entrepreneur.

Keywords: Entrepreneurship, Economic Growth, Oman, Higher Educational Institute

1.0 Literature Review

The word “entrepreneur” is derived from the French verb *entreprendre*, which means ‘to undertake’. This refers to those who “undertake” the risk of new enterprises. An enterprise is created by an entrepreneur. The process of creation is called “entrepreneurship”. Entrepreneurship is an economic activity because it involves the creation and operation of an enterprise with a view to creating value or wealth by ensuring optimum utilisation of scarce resources. Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise. Entrepreneurial development today has become very significant; in view of its being a key to economic development. The objectives of industrial development, regional growth, and

employment generation depend upon entrepreneurial development. Entrepreneurs are, thus, the seeds of industrial development and the fruits of industrial development are greater employment opportunities to unemployed youth, increase in per capita income, higher standard of living and increased individual saving, revenue to the government in the form of income tax, sales tax, export duties, import duties, and balanced regional development. Entrepreneurship is a process, a journey, not the destination; a means, not an end. All the successful entrepreneurs like Bill Gates (Microsoft), Warren Buffet (Hathaway), Gordon Moore (Intel) Steve Jobs (Apple Computers), Jack Welch (GE) GD Birla, Jamshedji Tata and others all went through this process. The evolution in scholarly views of entrepreneurship is reflected in the categories of *behavioral*, *occupational*, and *synthesis* definitions. Schumpeter (1950; 1961) famously defined the entrepreneur as the coordinator of production and agent of change. As such the “Schumpeterian” entrepreneur is above else an innovator. Scholars who share this view of entrepreneurship do not consider entrepreneurship to be very important in earlier stages of economic development – they see the contribution of entrepreneurship to be much more important at later stages of development, where economic growth is driven by knowledge and competition. At earlier stages of development entrepreneurship may play a less pronounced role because growth is largely driven by factor accumulation (Ács and Naudé, 2013). Kirzner (1973) views the entrepreneur as someone who facilitates adjustment to change by spotting opportunities for profitable arbitrage (and ‘disequilibrium’ situations in the market). This view has resonated among scholars who emphasize the opportunity-grabbing-for-profit nature of entrepreneurship (Shane and Ventakaram 2000) particularly in developing countries where market disequilibria may be common. In economic theory entrepreneurship has been modeled as an occupational choice between self -employment and wage-employment (seen Lucas 1978, Evans and Jovanovic 1989, Murphy et al. 1991). Hence someone will become an entrepreneur if profits and non-pecuniary benefits are more from being in wage employment. Entrepreneurship is thus synonymous with self-employment. Sometimes it may happen that individual took up self-employment due to circumstances which may include joining family business. This makes a distinction between necessity and opportunity entrepreneurs-as in for instance the Global Entrepreneurship Monitor (GEM-see Reynolds et al.2005). Behavioural definitions also stress the risk-taking dimension of entrepreneurship. The essence of entrepreneurship is the willingness to assume risk arising out of the creation and implementation of new ideas. New ideas are always tentative and their results may not be instantaneous and positive. An entrepreneur has to assume risk. If an entrepreneur does not have a willingness to assume risk, entrepreneurship would never succeed. Kanbur (1979:773) described the entrepreneur as one who manages production function by paying wages to workers and shouldering risks and uncertainty. The predominance of small firms in developing countries-the bulk of entrepreneurship studies in developing countries are concerned with small and medium enterprises (SMEs) – has been postulated to be and symptom of economy-wide uncertainty, where the probability of success is small (Wiggins 1995). Government intervention in promoting various entrepreneurial activities and motivating young entrepreneurs to take initiative for the same should reduce uncertainty and transaction costs as well. In recent years various scholars have recognized

that business games and their rules as the ultimate determinant of the development .These rules of business games not only affect the supply but, perhaps even more importantly the allocation of entrepreneurship. According to Baumol (1990:895) entrepreneurial ability can be allocated towards productive, unproductive or even destructive activities. He defines entrepreneur as a person who are innovative and creative in finding ways that add to their own wealth, power and prestige. Finally, it is widely believed that entrepreneurship is beneficial for economic growth and development. Entrepreneurship has been remarkably resurgent over the past three decades in countries that achieved substantial poverty reduction. Donors and international development agencies have turned to entrepreneurship to improve the effectiveness and sustainability of aid. However, the theoretical and empirical cases for understanding the role of entrepreneurship are not yet solid. Evidence on whether entrepreneurship matters for economic growth is not straightforward; how entrepreneurship has been promoted and how it contributed to the development of various countries. Hereby we represent necessary introductory framework of Entrepreneurship (Figure 1) which lead to economic growth of the country.

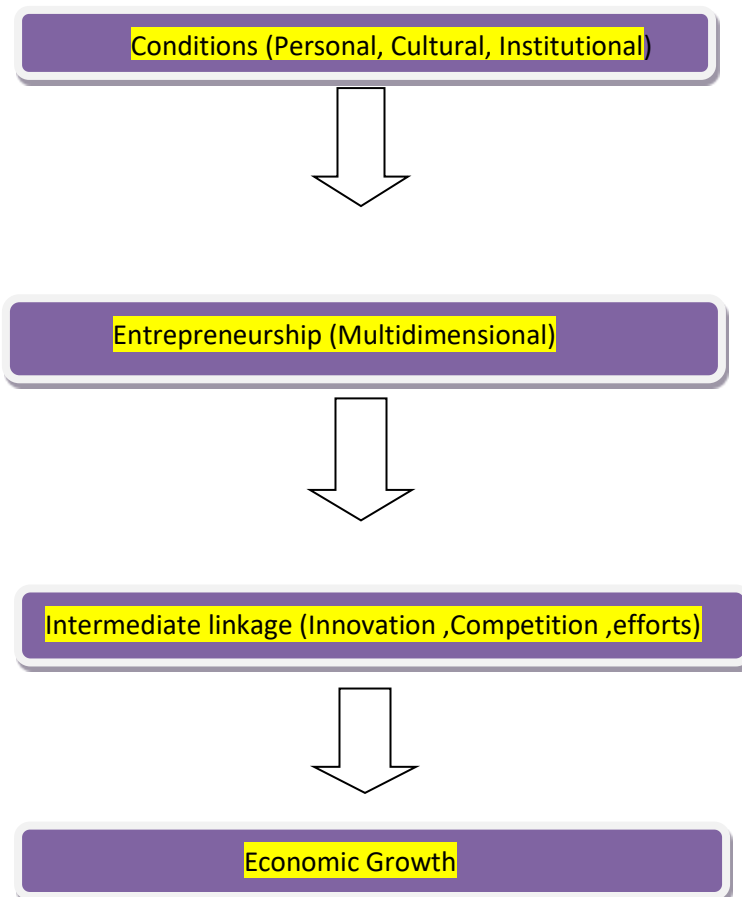


Figure 1: Introductory Framework of Entrepreneurship

2.0 Methodology

2.1 Research Hypothesis

The main research hypothesis to be tested is 'Perception of Students to become a successful entrepreneur based on age of student, Government funding for business, appropriate infrastructure for business.' For the same purpose we are trying to build up a multivariate regression model with Perception of student to become a successful entrepreneur as the dependent variable based on three independent variables that are Belonging to a Business Family, Government funding and Infrastructure, Figure 2.

Further we are checking whether this model is appropriate and study the relation among the variables under study.

2.2 Proposed Regression Model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mathcal{E}$$

Y= Perception of student to become a successful entrepreneur

X₁= Belonging to Business Family

X₂= Government support and Funding

X₃= Appropriate infrastructure for business

\mathcal{E} = error term

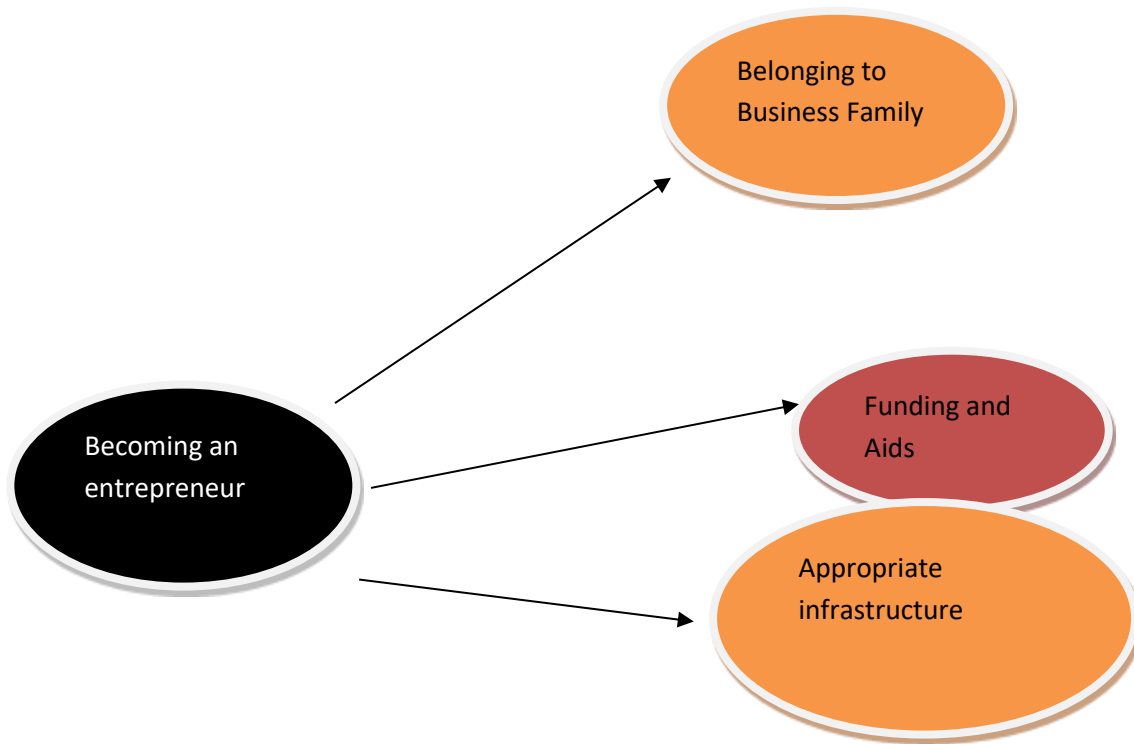


Figure 2: Proposed Student Becoming Entrepreneur Model

2.3 Research Methodology:-

The study is completely based on the pure research .It included exploratory research which included collection of primary data by getting the questionnaires filled from the respondents. Some structured and unstructured interviews were taken. As a part of research method exploratory research was conducted. Data was collected from the selected samples followed by interpretation and analysis.

2.4 Data Collection:-

A pilot study of 30 respondents was conducted to understand the perception of students in Oman regarding entrepreneurship. Total of 100 questionnaires were personally distributed via convenience sampling as a sampling technique. After 5 weeks completed questionnaires were personally collected from the respondents. Of the 150survey forms 100 were completely returned in order to be included for the final analysis. Using this surveyed questionnaire the study tried to understand the perception of students regarding entrepreneurship and determining the effect of various other variables affecting it.

2.5 Selection of research strategies

A cross sectional survey design was adopted for the study. The study was carried out by using a structured survey questionnaire which consisted of two parts. Part one is focused on demographic characteristics of respondents. Part two includes fifteen questions to assess student's perception regarding entrepreneurship. Participants were briefed on the survey and the purpose of the study.

2.6 Measurement

The instrument consists of 15 questions. Each question is measured on a five-point Likert scale, where 1 for strongly disagree and 5 for strongly agree.

2.7 Demographic Characteristics

The demographic variables obtained from each respondent include: gender, age, educational qualification. In terms of education, it was deduced that as many as 66% of the respondents are pursuing bachelor's degrees, 34% have secondary education and pursuing Higher National Diploma.

3.0 Descriptive Statistics

Table 1 is the descriptive statistics are used to process, analyse the collected data and testing of hypotheses for drawing inferences. Mean scores are calculated to find out the most representative figure for the entire mass of data, range for each variables is calculated to define the difference between the values of the extreme items of a series and standard deviation to measure dispersion of a series.

Variables	Mean	S.D	VARIANCE	RANGE
Capital to start a business will be available.	4.93	0.25	0.06	1
Entrepreneurship projects are funded or aided by government.	4.97	0.17	0.02	1
There are many opportunities available in the market.	4.87	0.33	0.11	1
I have proper infrastructure for the appropriate start-up of the business.	4.88	0.32	0.10	1
I have good family support to start my own business	4.97	0.22	0.04	2
I won't be starting the business where competition is too high.	4.88	0.35	0.12	2
Being an entrepreneur gives me more satisfaction.	4.92	0.27	0.07	1
I am eager to be in a business game and make achievements.	4.87	0.33	0.11	1
Independence in work is important for me.	4.92	0.41	0.17	2
I am tolerant to risks involved in any business situations.	4.85	0.38	0.14	2
I can control my life	4.86	0.44	0.20	3
I tend to possess innovative skills.	4.82	0.46	0.11	2
My family thinks being an entrepreneur is good for me.	4.87	0.44	0.20	1
My friends think being an entrepreneur is good for me.	4.68	0.35	0.16	2
Overall satisfaction in becoming an entrepreneur	4.98	0.28	0.08	1

Table 1: Demographic characteristics of Students

3.1 Regression statistics

Table-2: Regression Statistics

Multiple R	0.1024
R Square	0.0104
Adjusted R Square	-0.02
Standard Error	0.25
Observations	100

3.2 Regression coefficients

Table-3: Regression Coefficients

Model	Coefficients	Standardized Error	T-STAT	P-VALUE
Overall Satisfaction in being an entrepreneur	5.649693767	1.002644239	5.634794024	1.75E-07
Belonging to Business Family	-0.079380329	0.090660955	-0.875573493	0.383447
Government Funding	-0.078059325	0.152411387	-0.512162027	0.609714
Appropriate infrastructure for Business	0.011889036	0.079888229	0.148820869	0.882007

Table 3 shows the regressions statistics value of R square (coefficient of determination) was 0.01 which represents weak association among the variables under study. This also indicates that there could be inclusion of more variables taken while constructing the multiple regression model. This multiple regression result showed that the three independent variables belonging to a business family (-0.079), government funding (-0.078) and Appropriate infrastructure for Business (0.011), these have no significant effects on the dependent variable being an entrepreneur. R square result explains only 0.01 of the variation.

3.3 ANOVA Summary Output

Table 4: ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	0.068	0.022	0.33	0.796
Residual	96	6.44	0.067		
Total	99	6.51			

Furthermore, F-test was used to decide accepting or rejecting the hypothesis by calculating and comparing with its probable value. Table 4 shows the findings indicate that three independent variables are not significant in association with the dependent variable as indicated by the F- value result. When a hierarchical regression analysis was conducted and it was observed that there exist a weak dependence among the variables. Along with variables under study there might be existence of other variables which may influence the aspect of being an entrepreneur. It is again an assumption that if we include all of the above variables and construct a regression model, it may be linear and we can avoid residuals to greater extent.

4.0 Conclusions and Future Research Directions

An empirical study was conducted which proposed that being an entrepreneur is influenced by various factors which includes support or funding from government, belonging to business family and also having proper infrastructure for the entrepreneurial opportunity. Through the data collected it was observed that there exist weak relation among the variables under study. It can be assumed that inclusion of more factors can possibly have a strong influence on the dependent variable under study. This could be various factors like risk taking potential of an individual, rules followed during the business games, financial support etc. can be taken into consideration. As the scope of the research and sample size is limited, further studies can be done by including more factors which may influence in becoming an entrepreneur. This being a cross sectional study poses its own limitations. For future a longitudinal study can be carried out in order to assess the perception of students regarding entrepreneurship. In addition, a comparison can be made among students at various levels and in many different specializations which they pursue. Finally that topic may be studied on a larger scale and to involve many other factors which influence the decision of becoming a successful entrepreneur in Oman. Large sample size can make the proposed model effective.

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