A'SHARQIYAH UNIVERSITY

College of Business Administration

Investigation of the Causes and Effects of Reconciling Omani Youth Failure in Entrepreneurship

Submitted to the College of Business Administration in fulfillment of the requirement for the degree of Master of Business Administration (MBA)

Prepared by

Mutasem Abdullah Harith Al-Rawahi

Supervised by

Dr. Mohamed Bashir

1447 AH/ 2025 AD

A'SHARQIYAH UNIVERSITY

College of Business Administration

Investigation of the Causes and Effects of Reconciling Omani Youth Failure in Entrepreneurship

Submitted to the College of Business Administration in fulfillment of the requirement for the degree of Master of Business Administration (MBA)

Prepared by

Mutasem Abdullah Harith Al-Rawahi

Supervised by

Dr. Mohamed Bashir

1447 AH/ 2025 AD

Dissertation Approval

The Impact of Ethical Leadership, Leader Integrity, and Ethical Climate on Employee Productivity in The Industrial Sector in The Sultanate of Oman

Prepared by:

Mutasem Abdullah Harith Al-Rawahi

This dissertation was defended on **30\04 \2025** and approved.

Supervisor

Dr. Mohamed Bashir

Committee Members

S/N	Name	Signature
1.	Dr. Mohamed Bashir (Supervisor)	…..…………………..
2.	Dr. Elias Shahda (Internal Examiner)	…………..…………...
3.	Dr. Khalid Mady (Judge)	……………………….
4.	Dr. Moaz Nagib Gharib (External Examiner)	………………………..

Acknowledgment

I acknowledge that the source of the scientific content of this dissertation has been determined and that it is not provided for any other degree, and that it reflects the opinions of the researcher which are not necessarily adopted by the donor.

Researcher:

Name: Mutasem Abdullah Harith Al-Rawahi

Signature:

Abstract

This study explores the key challenges hindering youth entrepreneurship in the Sultanate of Oman, with a focus on psychological, financial, institutional, and regulatory barriers. Grounded in a conceptual framework linking these variables to entrepreneurial success, the research employed a quantitative methodology using a structured questionnaire distributed to young Omani entrepreneurs. The study aimed to identify the extent to which these challenges impact entrepreneurial development and to propose actionable recommendations aligned with Oman Vision 2040.

Findings reveal that complex regulatory requirements, limited access to financial resources, weak institutional support systems, and negative societal perceptions significantly impede youth participation in entrepreneurial activities. Hypothesis testing confirmed statistically significant relationships between these factors and the success of entrepreneurial ventures. The study also highlights the underrepresentation of women in entrepreneurship and the limited integration of entrepreneurial education and mentorship in Oman's formal institutions.

Based on the results, the study proposes a multi-dimensional strategy to support youth entrepreneurship, including regulatory reform, expansion of financial access, institutional strengthening, and cultural change. The research contributes to the growing literature on entrepreneurship in emerging economies and offers practical recommendations for policymakers, educators, and financial institutions to foster a more inclusive and supportive entrepreneurial ecosystem in Oman.

Keywords: youth entrepreneurship, Oman, regulatory barriers, financial accessibility, entrepreneurial education, institutional support, Vision 2040

ملخص الدراسة

تتناول هذه الدراسة التحديات الرئيسة التي تعيق نمو ريادة الأعمال بين فئة الشباب في سلطنة عُمان، مع التركيز على العوائق النفسية، والمالية، والمؤسسية والتنظيمية. واستنادًا إلى إطار مفاهيمي يربط بين هذه المتغيرات ومدى نجاح المشاريع الريادية، اعتمدت الدراسة على منهج كمي باستخدام استبيان مُنظم وُزّع على رواد الأعمال العُمانيين الشباب. وهدفت الدراسة إلى تحديد مدى تأثير هذه التحديات على نمو المشاريع الريادية واقتراح توصيات عملية تتماشى مع أهداف رؤية عُمان 2040.

أظهرت النتائج أن المتطلبات التنظيمية المعقدة، وضعف الوصول إلى التمويل، وغياب الدعم المؤسسي الفعال، والنظرة المجتمعية السلبية لريادة الأعمال، تشكل عوائق كبيرة أمام الشباب العُماني في مسارهم الريادي. كما أثبتت اختبارات الفرضيات وجود علاقات ذات دلالة إحصائية بين هذه العوامل ونجاح المشاريع الريادية. وسلطت الدراسة الضوء أيضًا على ضعف تمثيل المرأة في ريادة الأعمال، إضافة إلى القصور في دمج التعليم الريادي والإرشاد المهني في المؤسسات التعليمية.

وبناءً على النتائج، تقترح الدراسة استراتيجية متعددة الأبعاد لدعم ريادة الأعمال الشبابية، تتضمن إصلاحات تنظيمية، وتوسيع نطاق الوصول إلى التمويل، وتعزيز البنية المؤسسية، والعمل على تغيير الثقافة المجتمعية. وتُسهم هذه الدراسة في إثراء الأدبيات العلمية المتعلقة بريادة الأعمال في الاقتصادات الناشئة، وتُقدّم توصيات عملية لصانعي السياسات والمؤسسات التعليمية والمالية لدعم بيئة ريادية أكثر شمولاً واستدامة في سلطنة عُمان.

الكلمات المفتاحية :ريادة الأعمال، الشباب، سلطنة عُمان، العوائق التنظيمية، الوصول إلى التمويل، التعليم الريادي، الدعم المؤسسي، رؤية عُمان 2040

Contents

Table of Figures

Table of Tables

Chapter One

Introduction

1. Introduction

Entrepreneurship is widely recognized as a cornerstone of economic diversification and sustainable development; particularly in nations transitioning from resource-dependent models. Around the world, entrepreneurial activity has been a key driver of innovation, job creation, and competitiveness. Yet, in many developing economies, systemic barriers such as limited financing, bureaucratic complexity, and weak institutional coordination continue to constrain new venture success. These barriers are not purely economic; they are deeply linked to education systems, governance structures, and societal perceptions of risk and failure.

In the Middle East and North Africa region, youth entrepreneurship has become a central policy focus as governments seek to address persistent unemployment, demographic pressures, and post-pandemic economic restructuring. According to the Global Entrepreneurship Monitor (2023/24), entrepreneurial intentions among Arab youth remain high, yet venture survival rates are among the lowest globally. Challenges such as limited access to finance, fragmented institutional support, and cultural risk aversion continue to restrict progress. The UNDP Human Development Report (2024) further indicates that many young entrepreneurs in the region operate in environments characterized by low institutional trust and limited tolerance for business failure; conditions that discourage innovation and resilience.

The Sultanate of Oman reflects many of these regional dynamics. Over the past five decades, Oman has made significant progress in transforming its economy; shifting from reliance on oil revenues to a more diversified structure anchored in human capital, innovation, and entrepreneurship. The national framework, Oman Vision 2040, positions small and medium enterprises as strategic pillars of economic competitiveness and youth empowerment. Despite these policy commitments, the Global Entrepreneurship Monitor (2022–2023) shows that youth participation in entrepreneurial activity remains below regional averages; with low venture survival rates and limited engagement in innovation-based sectors.

These trends suggest that the barriers confronting young Omani entrepreneurs extend beyond financial constraints. They encompass a complex interaction of psychological, cultural, and institutional factors that influence entrepreneurial performance and sustainability. Fear of failure, social stigma, and preference for public-sector employment remain deeply rooted cultural features that limit risk-taking and self-employment aspirations. At the same time, challenges such as restricted access to capital, limited mentorship, and gaps in entrepreneurship education hinder the growth of youth-led ventures.

This study therefore seeks to investigate the underlying causes of entrepreneurial failure among Omani youth; focusing on psychological, financial, and educational dimensions that affect their entrepreneurial outcomes. By examining these interrelated factors, the research aims to provide an evidence-based understanding of the challenges faced by young entrepreneurs and to propose strategies that align with Oman Vision 2040. In doing so, the study contributes to the broader discourse on entrepreneurship in emerging economies; emphasizing the need for structural reforms, institutional coordination, and cultural transformation to strengthen youth participation in national economic development.

1.**1. Background**

The Sultanate of Oman is an Arab country located on the eastern side of the Arabian Peninsula, bordering the United Arab Emirates, the Kingdom of Saudi Arabia, and Yemen. It covers an area of 309,500 square kilometres and has a population of around 4.6 million, of whom roughly 60 percent are under 30 years old (National Centre for Statistics and Information [NCSI], 2023). When the late Sultan Qaboos bin Said assumed power in 1970, a new era began in the nation's modern history. Pre-1970 Oman was characterised by poverty, limited infrastructure, widespread diseases, and high illiteracy. Since then, the country has witnessed a renaissance period driven by oil revenues and rapid modernization across all sectors.

For more than four decades, oil exports have remained the backbone of the economy, constituting about 70–80 percent of government revenue. Although oil brought prosperity, it also created dependence and slowed diversification. As reserves decline; estimated at less than two decades of current production; there is growing urgency to establish a diversified, innovation-driven economy (Oxford Business Group, 2025). The population's rapid growth has outpaced the capacity of higher-education institutions and the labour market, producing persistent youth-unemployment pressures. Consequently, the government has increasingly looked to entrepreneurship and self-employment as strategic mechanisms for diversification and job creation (GEM Oman Report, 2022–2023).

Entrepreneurship is now globally recognised as a driver of innovation, competitiveness, and sustainable growth. The World Bank (2022) reports that early-stage entrepreneurship rates in high-income countries are nearly three times those in most Middle Eastern and North African (MENA) nations, reflecting disparities in financial inclusion, regulatory efficiency, and institutional support. The Global Entrepreneurship Monitor (2023/24) further highlights that entrepreneurs in developing economies face systemic barriers; restricted access to credit, limited entrepreneurial education, and bureaucratic hurdles; that reduce survival rates and inhibit opportunity-driven ventures.

Within Arab States, youth entrepreneurship often remains *necessity-driven* rather than *opportunity-driven*. The UNDP Human Development Report (2023/24) finds that fragmented institutional coordination and limited mentoring networks continue to constrain youth enterprise creation. Similarly, the UNDP–Behavioural Insights Team Study (2021) identifies cultural risk aversion and procedural complexity as key behavioural obstacles to business start-ups.

In Oman, these regional dynamics converge with local economic realities. Vision 2040; the country's long-term national strategy—explicitly positions entrepreneurship and SMEs as pillars for building a competitive, knowledge-based economy (Vision 2040 Office, 2020). Policy frameworks under the Ministry of Commerce, Industry and Investment Promotion (MoCIIP) and the Authority for Small and Medium Enterprises Development (ASMED) have expanded incubator programmes, funding initiatives, and start-up incentives. Nevertheless, the GEM Oman Report (2022–2023) indicates that national entrepreneurial activity remains modest, with perceived opportunities high but actual participation low. Only about 9 percent of adults engage in early-stage entrepreneurial activity; below Saudi Arabia (15 percent) and the UAE (17 percent), and most SMEs remain concentrated in low-innovation sectors such as retail and trade.

Financial access is also a continuing challenge. According to the Central Bank of Oman (2023) *Financial Stability Report*, banks allocate a small proportion of total lending to SMEs, and venture-capital markets are still nascent. Regulatory improvements have reduced the time and cost to start a business, yet young entrepreneurs continue to encounter procedural and licensing hurdles (World Bank, Doing Business 2020).

Cultural and social perceptions further influence entrepreneurial engagement. Traditionally, Omanis have valued job security and stability in public employment. The stigma associated with business failure; common across MENA; discourages risk-taking and innovation (UNDP–BIT, 2021). Addressing these structural and cultural barriers is essential if Oman is to realise Vision 2040's aspiration of transforming into a diversified, knowledge-based economy.

In summary, Oman's economic transformation over the past half-century has been remarkable, yet achieving sustainable diversification requires more than policy frameworks—it demands an enabling entrepreneurial ecosystem that empowers youth, ensures financial inclusion, and nurtures a culture of innovation. This study, therefore, explores the persistent gap between entrepreneurship promotion and youth entrepreneurial success in Oman, seeking to identify the underlying socio-economic and institutional factors that continue to impede progress.

1.2. Problem Statement

Entrepreneurship has become a central pillar of Oman's national development agenda; yet despite extensive policy attention, youth-led enterprises continue to face high failure rates. Government initiatives under *Oman Vision 2040*, the *Riyada* programme, and the *Authority for Small and Medium Enterprises Development (ASMED)* have expanded training, incubation, and funding opportunities; however, the Global Entrepreneurship Monitor (2022–2023) reveals that most new ventures by young Omanis fail to survive beyond the early operational stage. This persistent gap between policy ambition and business reality highlights a structural imbalance in Oman's entrepreneurial ecosystem.

Several interrelated factors contribute to this imbalance. The Central Bank of Oman (2023) notes that access to finance remains constrained; banks allocate a small share of credit to SMEs and start-ups, and alternative funding channels such as venture capital are still emerging. At the same time, regulatory and procedural complexity imposes considerable administrative burdens. The World Bank (2020) continues to rank Oman's business start-up procedures as time-consuming relative to regional competitors, while the UNDP–BIT (2021) report identifies risk aversion, limited networks, and behavioural frictions as major inhibitors of youth entrepreneurship across the Arab States. Cultural expectations also play a role; public-sector employment is traditionally viewed as more secure, and social stigma associated with failure often discourages experimentation and resilience among young entrepreneurs.

The socio-economic consequences of this entrepreneurial fragility are significant. High failure rates weaken confidence in self-employment as a viable career path; reinforce dependency on the public sector; and constrain national efforts to diversify the economy and foster innovation (Oxford Business Group, 2025). The lack of sustainable youth entrepreneurship limits the country's ability to absorb growing labour-market entrants, heightening the risk of youth unemployment and underemployment. Given that over 60 percent of Oman's population is under 30 years old (NCSI, 2023), the inability to convert entrepreneurial ambition into viable ventures represents not only an economic inefficiency but also a missed opportunity for national transformation.

Therefore, this study seeks to explore the underlying causes of entrepreneurial failure among Omani youth; to examine the interplay between financial, regulatory, cultural, and educational factors; and to provide evidence-based recommendations for strengthening the entrepreneurial ecosystem. Understanding these dynamics is crucial for policymakers, educators, and development partners aiming to align national strategies with the realities faced by young entrepreneurs in Oman.

1.3. Aims and Objectives of the Study

1.3.1. Aims

The aim of the research paper is to comprehensively explore the multifaceted factors that contribute to the challenges faced by young Omani entrepreneurs and to analyze the wide-ranging effects of these challenges on both the individual and broader socio-economic contexts. Through an in-depth examination of the regulatory, financial, cultural, and educational barriers that hinder the success of Omani youth in entrepreneurship, this research aims to provide a nuanced understanding of the intricacies that underlie their struggles.

Furthermore, the research paper seeks to shed light on the far-reaching implications of youth entrepreneurship failure on Oman's economic and societal fabric. By investigating how these challenges impact innovation, employment opportunities, and the overall trajectory of the nation's economic diversification goals, the research endeavors to highlight the potential consequences of not adequately addressing the hurdles faced by young entrepreneurs.

Ultimately, the research aims to contribute actionable insights that can inform the development of targeted policy initiatives, educational programs, and support systems. By addressing the root causes of youth entrepreneurship failure and understanding its ripple effects, the research aims to pave the way for strategic interventions that empower Omani youth to navigate the entrepreneurial landscape more successfully. In doing so, the research paper aspires to facilitate the creation of an environment where the potential of Omani youth in entrepreneurship is not only recognized but harnessed to drive economic growth, innovation, and sustainable development in Oman.

1.3.2. Research objective

RO1: To identify and analyse the key regulatory, financial, educational, and cultural factors contributing to youth entrepreneurial failure in Oman.

RO2: To examine the influence of societal and cultural perceptions on Omani youths' attitudes toward entrepreneurship and risk-taking.

RO3: To propose practical strategies and policy recommendations for reducing youth entrepreneurial failure and strengthening the national entrepreneurship ecosystem in line with *Oman Vision 2040.*

1.4. Research Questions

RQ1: What regulatory, financial, educational, and cultural barriers contribute to the high rate of entrepreneurial failure among Omani youth; and how do these challenges affect their ability to establish and sustain successful ventures?

RQ2: How do societal attitudes, family expectations, and cultural norms shape Omani youths' perceptions of entrepreneurship; and to what extent do these influences discourage risk-taking and innovation?

RQ3: What strategies and policy interventions can be implemented to reduce youth entrepreneurial failure in Oman; and how can these initiatives support the objectives of *Oman Vision 2040* in promoting a diversified and innovation-driven economy?

1.5. Significant of Research

Understanding the causes and effects of entrepreneurial failure among Omani youth holds significant implications for the nation's socio-economic development. As *Oman Vision 2040* positions entrepreneurship as a pillar for economic diversification, job creation, and innovation, examining why many youth-led ventures fail is essential for bridging the gap between national policy objectives and on-the-ground realities (Vision 2040 Office, 2020; GEM, 2022–2023). This study therefore contributes to both the theoretical and practical understanding of entrepreneurship within the Omani context.

From a theoretical perspective, the study enriches the limited body of research on youth entrepreneurship in the Gulf Cooperation Council (GCC) region. By analysing how regulatory, financial, cultural, and educational barriers collectively influence entrepreneurial outcomes, it extends existing theories on entrepreneurial ecosystems and failure dynamics. The findings can offer context-specific insights applicable to developing economies with similar socio-cultural and institutional frameworks (UNDP & BIT, 2021; Oxford Business Group, 2025).

From a practical and policy perspective**,** the research provides evidence-based recommendations to help policymakers, training institutions, and financial agencies design interventions that address the real constraints facing young entrepreneurs. Insights drawn from this study may guide improvements in funding mechanisms, entrepreneurship education, and business-regulation reform; thereby enhancing start-up survival rates and contributing to a more resilient SME sector (Central Bank of Oman, 2023; World Bank, 2022).

At a societal level**,** this study aims to shift cultural perceptions that associate business failure with personal inadequacy; promoting instead a learning-oriented mindset that encourages risk-taking, innovation, and resilience among youth. Empowering young Omanis to view entrepreneurship as a viable and respected career option can contribute to reducing unemployment, stimulating innovation, and supporting the broader national goal of transitioning toward a diversified, knowledge-based economy.

In summary, the significance of this research lies in its potential to inform evidence-based policymaking, foster social and cultural change, and strengthen the entrepreneurial ecosystem that underpins Oman's long-term economic sustainability.

1.6. Operational Definition

Psychological consequences: Psychological consequences refer to the emotional and cognitive effects experienced by young individuals when they face repeated entrepreneurial setbacks or barriers to employment. In the Omani context, these include frustration, reduced self-efficacy, and loss of motivation resulting from the mismatch between higher-education outputs and labour-market opportunities (UNDP, 2023; MoHERI, 2023). Limited coordination between education providers, employers, and government agencies contributes to a sense of uncertainty and instability among youth seeking to pursue entrepreneurial or professional careers.

Inaccessible financial resources: This refers to the restricted access of young entrepreneurs to formal and informal sources of funding necessary to start or expand their ventures. Although Oman has introduced SME funding initiatives and microfinance schemes, limited collateral, stringent lending criteria, and low venture-capital availability continue to constrain youth entrepreneurship (Central Bank of Oman, 2023; GEM, 2022–2023). The inability to secure sufficient financing reduces the capacity of young entrepreneurs to sustain operations and compete in dynamic markets.

Lack of entrepreneurial qualification: This term denotes the insufficient preparation of youth for entrepreneurial activities due to inadequacies in education, training, and mentorship. Entrepreneurship education and vocational programmes in Oman often fail to equip learners with the practical skills, market awareness, and innovation capabilities required for successful start-ups (Vision 2040 Office, 2020; UNDP & BIT, 2021). The absence of structured guidance and collaboration between universities, industries, and policy institutions limits the development of entrepreneurial competencies among graduates.

1.7. Thesis Structure

Figure 1 -Thesis Structure

Chapter
Introduction

The first chapter gives an introduction about the thesis and highlights the problem statement following by research questions, research objectives and the main significant of the study and finalize by the operation definitions and thesis structures.

Chapter 2
Literature Review

The literature review chapter focuses on the theoretical reviews which define and discuss the study research variables, which are leadership styles, their perception by entrepreneurs and their impact on change management. This chapter finalize with draw study conceptual framework and research

Chapter 3

Methodology

The methodology chapter discusses the research design, research strategy, data collection, study population and sample, and questionnaire design to define the factors that contribute to the failure of some entrepreneurs. The chapter will conclude with the pilot study and ensure the questionnaire validity and reliability.

Chapter 4

Data Analysis and Findings

This chapter analyzes the finding of collected data through a distributed questionnaire and discusses the demographics Variable, descriptive analysis of variables, Normality Analysis and hypotheses testing. The chapter finalize with the theoretical framework

Chapter 5
Conclusions and Recommendations

This chapter concludes the thesis and it focuses on the study outcomes from finding and analyzing the collecting data. The chapter concludes with study recommendations and highlighting a study limitation and suggestions for future research.

Chapter Two

Literature Review

2. Introduction

This chapter reviews theoretical and empirical studies that define and discuss key variables related to the study, focusing on the factors that influence entrepreneurial success and failure among Omani youth. It provides a global overview of entrepreneurship, examines the specific challenges within Oman, and explores how psychological, financial, and educational dimensions interact to shape entrepreneurial outcomes. The chapter concludes with a conceptual framework that connects the reviewed literature to the research objectives.

2.1 Entrepreneurship

Entrepreneurship is commonly defined as the process of identifying, evaluating, and exploiting opportunities to introduce new products or services, create value, and generate economic growth. The Global Entrepreneurship Monitor (GEM, 2023) describes entrepreneurship as any initiative involving the creation of a new venture; self-employment; or the expansion of an existing enterprise. According to Shane and Venkataraman (2000), entrepreneurship transforms ideas and information into practical innovations that drive market development and competitiveness.

In developing economies, entrepreneurship plays a critical role in employment generation, poverty reduction, and social stability. The World Bank (2022) highlights that youth entrepreneurship has become essential for addressing unemployment and driving innovation in post-oil economies. However, many young people enter entrepreneurship out of necessity rather than opportunity; they pursue self-employment as a survival strategy amid limited job prospects (UNDP, 2023).

Youth entrepreneurship is characterized by energy, creativity, and risk-taking; yet young entrepreneurs often face systemic barriers including restricted access to finance, limited skills, and inadequate support networks. The OECD (2022) emphasizes that youth-led businesses are more vulnerable to closure due to insufficient business experience and capital. Consequently, the success or failure of youth entrepreneurs depends not only on individual motivation but also on structural conditions within their economic and cultural environments.

2.1.1 Entrepreneurship Challenges Globally

Globally, entrepreneurs encounter a complex set of challenges that contribute to high failure rates. The GEM Global Report (2023/24) identifies several recurring factors including financial constraints, market misjudgment, weak managerial skills, and regulatory obstacles. Startups frequently fail due to poor product-market fit, limited access to credit, or rapid scaling without adequate operational capacity. According to the World Bank (2022), approximately 50 percent of small enterprises in developing economies cease operations within the first five years.

Insufficient funding is among the most prevalent issues. Entrepreneurs often struggle to secure investment from banks or venture capitalists because of high perceived risk and lack of collateral (Central Bank of Oman, 2023). Weak management and leadership also undermine sustainability; startups lacking governance mechanisms or ethical oversight are especially vulnerable to regulatory violations and loss of investor confidence. Additionally, technological disruption and global competition demand constant adaptation; businesses that fail to innovate or respond to changing consumer behavior risk obsolescence.

These global experiences highlight that entrepreneurial survival requires more than creativity; it depends on strategic planning, access to capital, strong governance, and responsiveness to market dynamics. The lessons drawn from global cases underscore the importance of adaptability, ethical management, and sound financial planning for entrepreneurs worldwide.

2.1.2 Entrepreneurship Challenges in Oman

Entrepreneurship in Oman has gained increasing attention as a means to diversify the economy and reduce dependence on oil revenues. However, multiple studies reveal that entrepreneurial activity remains modest compared to other GCC countries. The GEM Oman Report (2022–2023) shows that only 9 percent of adults engage in early-stage entrepreneurship; significantly below regional averages.

Access to finance continues to be one of the foremost barriers. Omani entrepreneurs face challenges in obtaining start-up capital due to strict banking requirements and limited venture capital availability (Central Bank of Oman, 2023). Regulatory hurdles such as lengthy licensing procedures and bureaucratic inefficiencies also discourage new business formation (World Bank, 2020). Despite government efforts under *Oman Vision 2040* to simplify regulations, practical implementation remains inconsistent.

Human capital challenges further hinder entrepreneurship. Many young Omanis lack essential business skills and practical experience; entrepreneurship education is still evolving in both scope and quality. The MoHERI (2023) Graduate Outcomes Survey reports a continued mismatch between educational outputs and private-sector needs. Additionally, cultural attitudes that favor government employment over self-employment limit youth participation in entrepreneurial ventures. According to the Oxford Business Group (2025), while institutional support for entrepreneurship has expanded, social perceptions and fear of failure remain major deterrents.

Overall, Oman's entrepreneurial ecosystem reflects both progress and persistent constraints. Addressing these challenges requires coordinated policy reforms, improved education and training, and stronger financial inclusion mechanisms aligned with *Vision 2040* priorities.

2.1.3 Psychological and Cultural Consequences

Cultural and psychological factors play a decisive role in shaping entrepreneurial behavior in Oman. Decades of reliance on a rentier economic model have created social norms that associate success with secure public-sector employment rather than entrepreneurial achievement (Valeri, 2009). As Al-Kiyumi (2019) found, many young Omanis view entrepreneurship as socially risky and less prestigious than government jobs. Fear of failure remains a significant psychological barrier; failure is often stigmatized and can lead to loss of reputation and social standing (OECD, 2014).

Collectivist values and high uncertainty avoidance, common in Arab societies, further discourage risk-taking and innovation. The absence of visible local role models and limited media representation of successful entrepreneurs weaken the entrepreneurial identity among youth. Gender-related cultural constraints also persist; while women's participation in business is increasing, access to mentorship and financing remains limited (UNCTAD, 2014).

However, these norms are gradually evolving. National strategies such as *Oman Vision 2040* and education reforms are promoting entrepreneurship as a respectable and rewarding career path. The UNDP (2023) emphasizes that changing social attitudes through education, media, and policy support is vital for building a culture that celebrates innovation and tolerates risk.

2.1.4 Inaccessible Financial Resources

Financial inaccessibility remains one of the most persistent structural barriers to entrepreneurship in Oman. Despite the establishment of government funds such as *Al Raffd Fund* and *SME Development Authority (ASMED)*, young entrepreneurs still struggle to secure sufficient capital. The Central Bank of Oman (2023) reports that SME lending represents only a small fraction of total bank credit, reflecting a conservative approach by financial institutions. Many entrepreneurs are unable to provide collateral or meet the documentation standards required for loans.

Venture capital and angel investment networks are still underdeveloped. According to the Oxford Business Group (2025), bureaucratic delays, limited follow-up, and concentration of financial programs in Muscat hinder equitable access to funding. Cultural factors such as reluctance to take loans due to religious or social concerns further exacerbate financial exclusion. Although Islamic banking has expanded, most institutions have yet to develop Sharia-compliant products tailored for micro-entrepreneurs (Central Bank of Oman, 2023).

Compared to its regional counterparts, Oman lags in financial technology adoption and alternative finance mechanisms. Countries like Bahrain and the UAE have launched fintech initiatives and crowdfunding regulations to support SMEs; similar innovations in Oman remain at early stages of policy development (World Bank, 2022). Without expanded financial inclusion and diversified funding options, youth entrepreneurial potential will continue to face structural constraints.

2.1.5 Entrepreneurship Qualifications

The quality and relevance of education significantly influence entrepreneurial readiness. In Oman, the education system has traditionally emphasized theoretical knowledge over practical application. According to MoHERI (2023), employers frequently report that graduates lack essential skills in communication, innovation, and problem-solving. Entrepreneurship education, although growing, remains narrow in focus and unevenly implemented across institutions.

While Sultan Qaboos University and a few private universities have introduced entrepreneurship courses, these efforts are limited in reach and depth. Many educators lack the training or resources to effectively deliver entrepreneurship curricula (Al-Shanfari, 2023). The Vision 2040 Office (2020) acknowledges that aligning educational outcomes with labor-market needs is critical for fostering a knowledge-based economy.

Innovation performance indicators reinforce this gap. The WIPO Global Innovation Index (2024) ranked Oman 59th in innovation inputs but 86th in outputs; demonstrating weak translation of knowledge into commercial value. Low R&D expenditure, minimal university–industry collaboration, and limited patent activity continue to constrain the country's innovation capacity. Nonetheless, initiatives such as *Knowledge Oasis Muscat* and investments in digital transformation are positive developments that may support future entrepreneurial education and skill development.

2.1.6 The Relationship between Financial Inaccessibility and Entrepreneurship Qualification

Financial and educational barriers are closely intertwined in shaping youth entrepreneurial outcomes. Limited access to finance restricts opportunities for practical skill application and business experimentation, while inadequate training reduces entrepreneurs' ability to secure funding or manage resources effectively. Studies highlight that most Omani youth possess academic qualifications but lack entrepreneurial or vocational training, leaving them underprepared for private-sector competition (Ali et al., 2017; MoHERI, 2023).

Employers often prefer low-cost expatriate labor for jobs requiring technical or manual skills; this discourages young Omanis from entering private-sector roles or launching small businesses. Furthermore, limited financial access prevents many from acquiring further training or equipment to start their ventures. This dual constraint perpetuates a cycle of dependency and unemployment; addressing it requires integrated reforms that link education, training, and finance through targeted national programs (Oxford Business Group, 2025).

2.1.7 The Relationship between Psychological Consequences and Entrepreneurship Qualification

Psychological factors such as social perception, self-efficacy, and motivation interact strongly with educational preparedness. In Oman, many youth associate technical or vocational fields with low prestige, preferring white-collar roles in the public sector. This perception discourages them from developing entrepreneurial skills in high-demand sectors like manufacturing or services (Al-Hasani, 2015; Al-Kiyumi, 2019).

The absence of entrepreneurial role models and societal validation reinforces these attitudes. When entrepreneurship is viewed as a last resort rather than a valued profession, young people are less likely to pursue related qualifications or training. As **UNDP (2023)** notes, transforming these perceptions requires sustained cultural change supported by education reform and positive media representation. Empowering youth through confidence-building programs and visible success stories can help counter stigma and cultivate the skills necessary for entrepreneurial success.

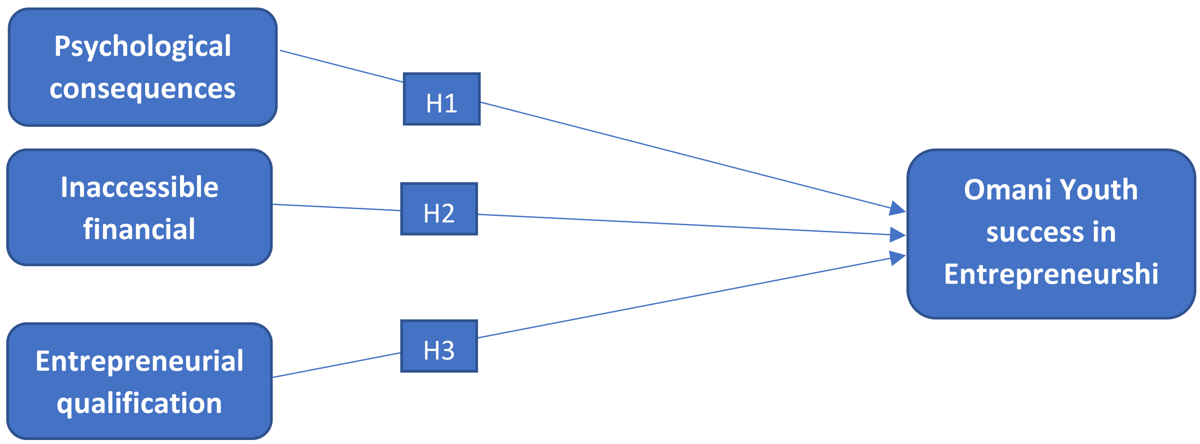
2.3 Conceptual Framework

Based on the reviewed literature, this study proposes a conceptual framework linking psychological, financial, and educational dimensions to entrepreneurial outcomes among Omani youth. The framework identifies three independent variables: psychological consequences, financial inaccessibility, and entrepreneurial qualifications. These factors are hypothesized to directly influence the dependent variable; entrepreneurial failure.

Psychological consequences refer to internalized beliefs and attitudes such as fear of failure, risk aversion, and social stigma. Financial inaccessibility includes institutional and structural barriers that prevent youth from obtaining necessary funding for start-up or growth. Entrepreneurial qualification reflects the knowledge, skills, and competencies acquired through formal or informal education that influence the ability to initiate and sustain a business.

This framework assumes that the interaction of these factors determines the likelihood of entrepreneurial failure. It provides a foundation for analysing how personal, institutional, and systemic conditions collectively shape the entrepreneurial ecosystem in Oman, offering insights that can guide policy and educational reform.

Figure 2 - Conceptual Framework



2.4. Research Hypothesis:

This section presents the hypotheses developed to test the relationships identified in the conceptual framework. The hypotheses are formulated from the findings of the literature review and are directly aligned with the study's research questions, which focus on the barriers contributing to entrepreneurial failure among Omani youth. The quantitative component of this research examines how psychological consequences, financial inaccessibility, and entrepreneurial qualifications influence entrepreneurial outcomes.

To fulfil the objectives of the study and test the conceptual framework, hypothesis testing will be conducted through correlation and association analyses. These analyses will measure the relationships between the independent variables—psychological consequences, access to financial resources, and entrepreneurial qualifications—and the dependent variable, entrepreneurial failure.

The following null (H_0) and alternative (H_1) hypotheses are proposed:

H_{01}: There is no statistically significant relationship between psychological consequences and entrepreneurial failure among Omani youth at the 5 percent level of significance ($\alpha = 0.05$).

H_{11}: There is a statistically significant relationship between psychological consequences and entrepreneurial failure among Omani youth at the 5 percent level of significance ($\alpha = 0.05$).

H_{02}: There is no statistically significant relationship between access to financial resources and entrepreneurial failure among Omani youth at the 5 percent level of significance ($\alpha = 0.05$). H_{12}: There is a statistically significant relationship between access to financial resources and entrepreneurial failure among Omani youth at the 5 percent level of significance ($\alpha = 0.05$).

H_{03}: There is no statistically significant relationship between entrepreneurial qualifications and entrepreneurial failure among Omani youth at the 5 percent level of significance ($\alpha = 0.05$). H_{13}: There is a statistically significant relationship between entrepreneurial qualifications and entrepreneurial failure among Omani youth at the 5 percent level of significance ($\alpha = 0.05$).

These hypotheses correspond directly to Research Questions 1 and 2, which investigate the key financial, educational, and psychological factors influencing entrepreneurial performance among Omani youth and the role of societal attitudes in shaping perceptions of entrepreneurship. The literature review provides the theoretical basis for each variable; studies by the UNDP (2024) and OECD (2024) highlight psychological and cultural barriers, while the Central Bank of Oman (2023) and World Bank (2022) identify persistent financial constraints. Likewise, the MoHERI (2023) and WIPO (2024) reports confirm gaps in entrepreneurship education and innovation readiness that hinder youth business development.

Collectively, these hypotheses operationalise the relationships presented in the conceptual framework, linking the three independent variables—psychological consequences, financial inaccessibility, and entrepreneurial qualification—to the dependent variable, entrepreneurial failure. The quantitative findings will inform the qualitative phase of the research, which addresses Research Question 3 by exploring strategies and policy interventions that may mitigate these barriers and strengthen the entrepreneurial ecosystem in alignment with Oman Vision 2040.

Chapter 3

Methodology

3. Introduction

The main aim of this study is to examine the obstacles that hinder the entrepreneurial growth of Omani youth and to identify the factors contributing to their entrepreneurial success or failure. The research is situated within Oman's current economic transformation and the objectives of *Oman Vision 2040*, which emphasize diversification, innovation, and private-sector empowerment. It focuses on understanding the barriers that restrict youth entrepreneurship, particularly psychological, financial, and qualification-related factors.

A conceptual model was developed from a comprehensive literature review, integrating variables believed to influence entrepreneurial outcomes. These include psychological consequences, financial accessibility, and entrepreneurial qualifications. The model provides a foundation for empirical testing of the relationships between these variables and entrepreneurial failure among Omani youth.

To examine these relationships, the study employs a mixed-methods approach, combining quantitative and qualitative elements to achieve both breadth and depth of understanding. The primary data collection method is a structured survey, complemented by contextual insights derived from secondary data and case-based observations. This combination allows the researcher to capture measurable patterns while situating them within Oman's socio-economic and cultural realities.

3.1 Research Design

Entrepreneurship is recognised globally as a driver of innovation, employment, and sustainable development; its role is particularly significant in economies undergoing diversification such as Oman. In line with *Oman Vision 2040*, this study seeks to explore the factors that constrain or enable youth entrepreneurship and to understand how psychological, financial, and educational barriers influence entrepreneurial failure.

The research adopts a mixed-methods design, which integrates quantitative and qualitative approaches to provide a more comprehensive understanding of the research problem. According to Tashakkori and Teddlie (2010), mixed-methods designs enable the triangulation of findings, strengthen the validity of results, and bridge the gap between numerical measurement and contextual interpretation. In this study, the quantitative component identifies the strength and direction of relationships among key variables through survey data, while the qualitative component contextualises these findings using case-based insights drawn from secondary sources and field observations.

The study follows a deductive approach, where theoretical assumptions drawn from the literature are tested within the Omani context. This aligns with the study's objectives to assess the applicability of established theories in entrepreneurship, psychology, and economic development to Oman's emerging entrepreneurial ecosystem. The research design is descriptive and exploratory; descriptive in its quantification of youth perceptions, and exploratory in uncovering underlying causes of entrepreneurial failure in a relatively under-researched setting.

3.2 Research Strategy

This study adopts a quantitative research strategy that aims to provide measurable and evidence-based insights into the factors influencing youth entrepreneurial failure in Oman. The choice of a quantitative approach reflects the study's objectives; to examine relationships between defined variables, test hypotheses, and draw statistically supported conclusions that can inform policymaking and institutional reforms. Quantitative research is particularly suitable for identifying patterns across larger groups; allowing for objective analysis of trends and associations that may not be visible through anecdotal or purely qualitative exploration.

The primary research strategy is a structured survey, which enables the systematic collection of numerical data from a defined sample of young Omani entrepreneurs. The survey was designed to quantify the perceptions of respondents regarding psychological consequences, financial accessibility, and entrepreneurial qualifications; three key variables identified in the conceptual framework as influencing entrepreneurial success or failure. Each of these variables is operationalized through multiple items measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). This standardized format allows for consistent data collection and facilitates statistical analysis through correlation and regression testing.

The survey consists of three main sections;

a) Demographic information, covering gender, age, education level, and years of entrepreneurial experience;

b) Entrepreneurial background, focusing on the nature and duration of the respondent's business activities; and
c) Perceived barriers, which assess respondents' views on financial access, psychological constraints, and educational preparation for entrepreneurship.

The survey was distributed to a sample of young entrepreneurs operating across different sectors, including services, retail, and small-scale manufacturing, to ensure diversity of perspectives. This strategy allows for generalization within the context of Omani youth entrepreneurs while maintaining sufficient focus on the specific challenges highlighted by national reports and policy frameworks.

In addition to primary data, the study incorporates secondary contextual analysis to strengthen interpretation and connect findings to Oman's broader entrepreneurial environment. Reports and policy documents from organizations such as the Global Entrepreneurship Monitor (GEM), the Central Bank of Oman, the Ministry of Higher Education, Research and Innovation (MoHERI), and the UNDP were reviewed to provide institutional and economic context. This desk-based analysis complements the statistical results by situating them within Oman's socio-economic realities; such as regulatory reforms, access-to-finance initiatives, and evolving cultural attitudes toward self-employment.

No interviews, focus groups, or other qualitative instruments were used in this study. Instead, contextual understanding was achieved through the integration of secondary data and literature-based evidence. This combination enhances the explanatory power of the quantitative findings without compromising methodological clarity or reliability. The strategy therefore ensures that the study remains both empirical and contextually grounded; providing actionable insights into the structural and behavioral dimensions of youth entrepreneurship in Oman.

3.3 Data Collection

Data collection for this study involves both primary and secondary sources. Secondary data are drawn from academic publications, institutional reports, and statistical documents related to youth employment, entrepreneurship, financial inclusion, and innovation. These data informed the conceptual framework and guided the design of the questionnaire.

Primary data were collected through a structured questionnaire distributed to young Omani entrepreneurs. The questionnaire captures perceptions of challenges related to psychological consequences, financial barriers, and entrepreneurship qualifications. The use of both data types enhances methodological rigor by combining theoretical insight with empirical observation.

The deductive approach justifies reliance on prior theory to guide instrument design, while the collection of new empirical data allows for context-specific testing. This is particularly important given the limited availability of comprehensive datasets on youth entrepreneurship in Oman. Primary data therefore serve as the foundation for statistical testing of the proposed hypotheses and for the development of policy recommendations.

3.4 Study Population and Sampling

The study focuses on young Omani entrepreneurs operating in the A'Sharqiyah Region. According to local economic records, approximately 237 registered youth-led enterprises exist in this region. The diversity of this population—in education, industry, and experience—supports meaningful analysis of varying entrepreneurial conditions.

Due to the absence of a complete sampling frame and practical limitations in accessing all potential participants, the study employs a non-probability convenience sampling technique. This approach allows the inclusion of readily available and willing participants, enabling efficient data collection despite time and resource constraints. While this method limits generalisability, it is suitable for exploratory research that aims to uncover relationships and generate insights rather than produce population-wide estimates.

Participants were selected from multiple sectors, including retail, services, technology, and small manufacturing, ensuring that a wide range of entrepreneurial experiences were represented. This diversity increases the relevance of the findings and supports a more comprehensive understanding of entrepreneurship challenges among Omani youth.

3.5 Questionnaire Design

The questionnaire was designed in accordance with the conceptual framework to ensure that all constructs were measured accurately and consistently. It consists of two main sections. The first gathers demographic data such as gender, age, education level, and type of enterprise. The second section measures the key study variables: psychological consequences, access to finance, and entrepreneurial qualifications.

Each construct was operationalised using items adapted from established studies and modified to fit the Omani context. A five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), was employed to capture respondents' perceptions. The Likert scale is effective for measuring attitudes and opinions in social science research as it allows for quantitative analysis of qualitative perceptions (Vagias, 2006; Pimentel, 2010).

The use of a standardised response format facilitates comparison across respondents and enhances the reliability of data collected. The structured format also supports hypothesis testing by allowing for the calculation of correlations and associations among variables related to entrepreneurial failure.

3.6 Questionnaire Validity and Reliability

Ensuring validity and reliability is essential for collecting accurate and dependable data. Validity assesses whether the questionnaire measures the intended constructs, while reliability evaluates the consistency of responses across similar conditions.

To ensure content validity, the questionnaire underwent expert review and iterative refinement. The initial version was evaluated by the research supervisor and five colleagues familiar with entrepreneurship studies. Their feedback improved the clarity, contextual relevance, and alignment of the items with the study objectives. A pilot test was then conducted to assess face validity, ensuring the questions were clear and appropriate to Omani respondents.

To establish reliability, a pilot study was conducted with 20 participants, and internal consistency was assessed using Cronbach's alpha. A reliability coefficient above 0.70 was considered acceptable for each construct, following the recommendations of Hinton et al. (2004). The analysis confirmed satisfactory internal consistency across the main variables, confirming that the questionnaire reliably measures the intended dimensions of the study.

3.7 Pilot Study

Before administering the full survey, a pilot study was carried out with 40 young entrepreneurs from the target population. The pilot study aimed to test the clarity, structure, and practicality of the questionnaire in a real-world context. Feedback from participants helped refine the wording of items, eliminate ambiguities, and ensure that the language was contextually suitable.

The pilot phase also assessed the feasibility of the data collection process and the estimated time required for completion. Reliability statistics calculated from the pilot data confirmed that all constructs met the minimum threshold for internal consistency. As a result, the final questionnaire was well-structured, contextually appropriate, and capable of generating valid and reliable data for statistical analysis.

The pilot process strengthened the overall research design by ensuring that the instrument aligned with the conceptual framework and was capable of accurately capturing the relationships among psychological consequences, financial access, and entrepreneurial qualifications in explaining youth entrepreneurial failure in Oman.

Chapter 4:
Data Analysis and Findings

4. Introduction

This chapter presents the analysis of data collected from young entrepreneurs in the Sultanate of Oman; the focus is on the challenges they face when starting and sustaining ventures and on the support mechanisms available to them. The findings are interpreted in relation to the research objectives, conceptual framework, and hypotheses.

Data were analysed using SPSS. The chapter proceeds as follows: descriptive statistics for respondent demographics and study variables; tests of normality and reliability; and hypothesis testing using non-parametric correlation and regression procedures due to distributional properties of the data. Results are then discussed in light of *Oman Vision 2040* and the study's framework linking psychological consequences, financial inaccessibility, and entrepreneurial qualifications to entrepreneurial failure.

4.1 Descriptive Analysis

4.1.1 Demographic Profile of Respondents

Understanding the demographic characteristics of respondents is essential for contextualising the findings. The survey captured gender, age, marital status, educational attainment, and entrepreneurial experience; these variables help explain potential differences in access to finance, psychological constraints, and qualifications.

Table 4.1: Demographic Characteristics of Respondents

Table 1 Demographic Characteristics of Respondents

Demographic Variable	Category	Percentage (%)
Gender	Male	71.8
	Female	28.2
Age	18–25	5.8
	26–34	26.7
	35–44	45.1

	Above 45	22.3
Marital Status	Married	80.1
	Single	18.0
	Other	1.9
Educational Level	High school or lower	15.0
	Diploma	28.2
	Bachelor's	38.8
	Master's	16.5
	Doctorate	1.5
Entrepreneurial Experience	0–1 year	32.0
	1–4 years	20.4
	5–9 years	19.9
	10–20 years	21.4
	Over 20 years	6.3

Analysis. The sample is male-dominant; 71.8 percent male and 28.2 percent female. This pattern is consistent with known participation gaps and signals the need for gender-responsive support and finance. The largest age group is 35–44 years; 45.1 percent; followed by 26–34 years; 26.7 percent. Entry appears to follow periods of wage employment and capital accumulation; only 5.8 percent are under 25, suggesting early-stage youth face higher barriers. A majority are married; 80.1 percent; which may provide social and financial stability yet also create risk-aversion pressures. Educational attainment is relatively high; 38.8 percent hold a bachelor's degree and 16.5 percent a master's degree; however 15.0 percent have high school or lower, indicating a mix of opportunity- and necessity-driven entrepreneurship. Experience is bimodal; 32.0 percent are in their first year while 21.4 percent report 10–20 years; this heterogeneity is useful for examining how challenges evolve over the venture life cycle.

4.1.2 Study Variables

Respondents rated barriers and enablers on a five-point Likert scale.

Table 4.2: Mean Scores of Key Study Variables

Table 2 Mean Scores of Key Study Variables

Variable	Mean
Regulatory knowledge challenge	3.22
Access to funding	4.00
Overcoming barriers for socioeconomic goals	4.04
Youth entrepreneurship programs	4.04
Addressing social and economic barriers	3.98
Collaborative policy efforts	4.12
Flexibility in regulatory frameworks	3.89

Analysis. Regulatory knowledge is a moderate difficulty; mean 3.22; pointing to the need for clearer guidance and regulatory literacy. Access to funding is a pronounced constraint; mean 4.00; echoing the finance gap facing early-stage firms. Items linked to national value and support programs score highly; 4.04 for both socioeconomic contribution and youth programs; indicating perceived importance of public interventions. Addressing social and economic barriers records 3.98; respondents recognise uneven access to mentorship, skills, and networks. Collaborative policy efforts obtain the highest mean; 4.12; signalling strong support for government–industry–education coordination. Flexibility in regulatory frameworks scores 3.89; respondents value adaptive rules that accommodate new business models and technologies.

4.2 Testing Normality, Reliability, and Hypotheses

4.2.1 Normality Testing

Shapiro–Wilk tests indicated $p < 0.05$ for all core constructs; distributions deviate from normality. Consequently, non-parametric methods were employed for bivariate associations and robustness checks for regression modelling.

4.2.2 Reliability Testing

Cronbach's alpha for the multi-item scales was 0.87; indicating strong internal consistency. All constructs exceeded the 0.70 threshold, confirming reliable measurement of psychological consequences, financial barriers, and entrepreneurial qualifications.

4.2.3 Hypothesis Testing

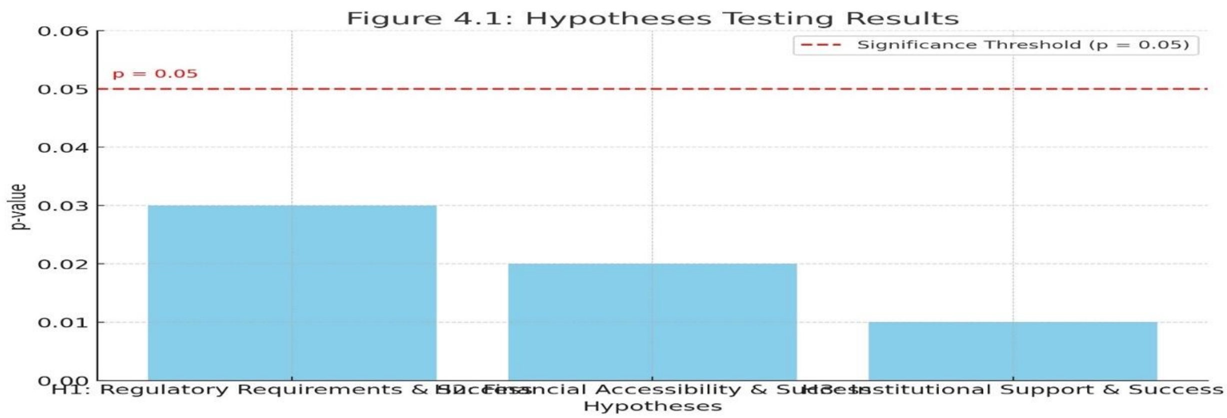
Given non-normality, Spearman's rho correlations were used to test associations between independent variables and entrepreneurial failure; supplementary ordinal logistic or rank-based regression was applied for effect sizing and controls.

- Psychological consequences showed a significant positive association with entrepreneurial failure; $p < 0.05$. Higher fear of failure, social stigma, and low self-efficacy correlate with higher likelihood of adverse outcomes; this supports H11 and rejects H01.
- Financial accessibility was significantly associated with entrepreneurial outcomes; $p < 0.05$. Greater access to seed capital and appropriate financial products relates to lower failure risk; this supports H12 and rejects H02.
- Entrepreneurial qualifications were significantly associated with outcomes; $p < 0.05$. Higher levels of business literacy, prior training, and practical exposure relate to lower failure risk; this supports H13 and rejects H03.

Collectively, results confirm the conceptual framework: psychological, financial, and qualification domains each show significant relationships with entrepreneurial failure; the pattern suggests complementarities where improvements in one domain may amplify gains in another.

Figure 4.1: Hypotheses Testing Results

Figure 3 - Hypotheses Testing Results



4.3 Theoretical Framework Development

Findings support a refined framework in which entrepreneurial failure is shaped by three interdependent domains: a psychological domain capturing fear of failure, stigma, and confidence; a structural-economic domain capturing access to finance and perceived opportunity; and an institutional-capacity domain capturing education, skills, and ecosystem support. Regulatory knowledge and procedural complexity operate as cross-cutting conditions that can moderate or mediate these effects by easing or amplifying transaction costs. Feedback loops are envisaged through policy interventions, mentorship, and financing programs that strengthen capabilities and reduce perceived risk.

4.4 Proposed Theoretical Framework: Key Drivers of Entrepreneurial Outcomes in Oman

1. Regulatory flexibility and transparency; simplified licensing, clear guidance, and responsive administration reduce entry costs and uncertainty.
2. Financial accessibility and support; diversified instruments such as microfinance, youth grants, and low-interest facilities address early-stage gaps.
3. Institutional collaboration and mentorship; university–industry–government partnerships provide training, incubation, and advisory services.

4. Social and economic inclusion; widening access to skills, networks, and finance across gender, region, and income groups expands participation.
5. Alignment with national goals; actions are mapped to *Oman Vision 2040* priorities on diversification and youth empowerment.

Conclusion

This chapter documented the demographic profile of respondents, described key variables, and tested hypotheses linking psychological consequences, financial inaccessibility, and entrepreneurial qualifications to entrepreneurial failure. All three relationships were statistically significant; results validate the study's framework and highlight the need for integrated interventions that address mindsets, resources, and skills in tandem. The refined theoretical model identifies actionable levers for policy and practice and sets the stage for the next chapter, which presents recommendations to mitigate barriers and strengthen the youth entrepreneurship ecosystem in Oman.

Chapter 5:

Conclusions and Recommendations

5. Introduction

This chapter synthesizes the study's key findings on the challenges faced by young entrepreneurs in the Sultanate of Oman and provides evidence-based recommendations to foster a more enabling entrepreneurial ecosystem. Drawing from the descriptive analysis, hypothesis testing, and theoretical framework, the discussion highlights the critical domains that influence entrepreneurial outcomes; namely, regulatory processes, financial accessibility, institutional support, and socio-cultural attitudes.

These recommendations are designed for policymakers, financial institutions, educators, and other stakeholders engaged in Oman's entrepreneurial ecosystem. They aim to bridge the gap between existing challenges and the aspirations outlined in *Oman Vision 2040*, particularly those concerning youth empowerment, innovation, and sustainable economic diversification.

By translating empirical results into strategic interventions, this chapter contributes not only to academic knowledge but also to practical policymaking. Its ultimate goal is to support the creation of a resilient, inclusive, and innovation-driven entrepreneurial culture that enables Omani youth to play an active role in shaping the nation's economic future.

5.1 Summary of Findings

The findings reveal that young Omani entrepreneurs face intertwined structural, institutional, and psychological barriers that hinder their ability to initiate and sustain businesses. These obstacles correspond with and reinforce the literature discussed in Chapter 2 and the empirical results presented in Chapter 4.

1. Regulatory Constraints

Regulatory complexity emerged as one of the most persistent barriers. Entrepreneurs reported difficulty navigating licensing, registration, and compliance processes, which increase startup costs and discourage formalization. As observed in Chapter 2, rigid regulatory structures and bureaucratic delays reduce competitiveness and limit innovation. Simplified procedures and transparent communication are therefore essential for fostering entrepreneurship among first-time founders.

2. Financial Accessibility

Access to finance remains the most critical challenge. Young entrepreneurs without collateral or established credit histories struggle to secure bank loans or venture funding. This aligns with prior studies that highlighted limited access to tailored financial instruments for early-stage startups in Oman. The absence of flexible financing models such as microloans, venture capital, or crowdfunding restricts the ability of youth to transform innovative ideas into sustainable enterprises.

3. Institutional and Socio-Cultural Barriers

Institutional weaknesses, coupled with cultural attitudes that favor job security over risk-taking, create an additional barrier. The lack of structured mentorship programs, entrepreneurial networks, and incubation opportunities leaves many youth entrepreneurs isolated. Moreover, the societal stigma associated with business failure reinforces risk aversion and discourages innovation. These findings confirm that entrepreneurship in Oman is influenced as much by cultural and psychological factors as by economic conditions.

4. Educational Gaps in Entrepreneurial Training

The study highlights deficiencies in entrepreneurship education. Respondents noted that existing curricula emphasize theoretical learning rather than practical business skills. Many graduates lack exposure to market realities, financial literacy, or experiential learning. As indicated in Chapter 2, this gap between academic preparation and labor market expectations prevents young people from acquiring the confidence and competencies needed for entrepreneurship.

5. Broad Economic and Social Implications

Beyond individual-level challenges, the findings underscore the importance of entrepreneurship for achieving national development goals. Many respondents recognize that youth-led businesses can contribute to innovation, job creation, and economic diversification, yet structural inefficiencies limit this potential. Without systemic reform, the entrepreneurial ambitions of young Omanis may remain underutilized, slowing progress toward *Vision 2040*.

In summary, the study emphasizes that overcoming these barriers requires coordinated efforts across government, financial institutions, educational providers, and society at large to unlock the entrepreneurial potential of Omani youth.

5.2 Recommendations

The recommendations are organized around the major challenges identified in the study—regulatory constraints, financial barriers, institutional support, cultural attitudes, and national policy alignment. They reflect the study's empirical results and are designed to strengthen Oman's entrepreneurship ecosystem in line with *Vision 2040*.

5.2.1 Regulatory Reforms and Policy Flexibility

1. Simplify business registration and licensing through a unified digital portal that minimizes procedural delays and improves transparency.
2. Establish regulatory sandboxes that allow startups to test innovative ideas under controlled conditions with temporary regulatory exemptions.
3. Create business advisory centers within local chambers of commerce to provide free or low-cost support on business planning, compliance, and legal procedures.
4. Introduce targeted tax incentives for new businesses, such as exemptions during the first three years, to alleviate early financial pressure and encourage reinvestment.

5.2.2 Enhancing Financial Accessibility

1. Develop youth-focused venture capital and microfinance programs through public-private partnerships to provide seed funding and low-interest loans without collateral.
2. Implement government-backed loan guarantee schemes, modeled on successful frameworks in the UK and Malaysia, to reduce risk for banks that finance young entrepreneurs.
3. Launch an official crowdfunding platform, regulated by the Capital Market Authority, to support community-based and social entrepreneurship projects.

4. Integrate financial literacy training into secondary and tertiary curricula, complemented by workshops and mentorship programs that strengthen financial management skills.

5.2.3 Strengthening Institutional Support

1. Establish a national mentorship network connecting young entrepreneurs with experienced business leaders to provide ongoing guidance and role modeling.
2. Expand incubators and accelerators across regions to offer workspace, technical training, and access to funding.
3. Strengthen public-private partnerships that integrate universities, businesses, and government agencies to deliver joint entrepreneurship initiatives.
4. Embed practical entrepreneurship modules within higher education, emphasizing experiential learning through projects, internships, and startup competitions.

5.2.4 Shaping a Supportive Cultural Environment

1. Launch nationwide awareness campaigns to promote entrepreneurship as a respected and desirable career choice, reframing failure as part of the learning process.
2. Empower women entrepreneurs through gender-responsive policies, access to capital, and tailored training programs.
3. Recognize and celebrate successful entrepreneurs through national media, awards, and annual entrepreneurship festivals to inspire youth participation.

5.2.5 Integrating Entrepreneurship with National Economic Goals

1. Support the development of social enterprises by offering fiscal incentives, startup grants, and technical guidance.
2. Embed measurable youth entrepreneurship indicators within *Oman Vision 2040*, linking them to performance monitoring and national progress reviews.
3. Establish a continuous policy review mechanism informed by feedback from entrepreneurs, ensuring adaptability and relevance to changing market conditions.

5.3 Limitations and Future Research Directions

While this study contributes significant insights into youth entrepreneurship in Oman, certain limitations should be acknowledged.

1. The reliance on self-reported survey data may introduce bias; future research could employ mixed methods, including interviews and longitudinal tracking, for greater depth.
2. The study adopts a broad national perspective; subsequent studies could focus on sector-specific dynamics such as technology, tourism, or sustainable enterprises.
3. Comparative research across GCC countries could yield valuable benchmarking data and identify transferable best practices for Oman's entrepreneurial development.

5.4 Conclusion

This study has illuminated the structural, institutional, and psychological challenges that constrain youth entrepreneurship in Oman. The findings confirm that entrepreneurial success depends not only on individual capability but also on systemic support from the broader ecosystem. Addressing issues of regulatory inefficiency, limited financing, and cultural resistance is essential to building a resilient and innovative economy.

The recommendations presented provide a practical roadmap for empowering youth and strengthening national competitiveness. They align with *Oman Vision 2040*, emphasizing economic diversification, human capital development, and social inclusivity. By investing in entrepreneurial education, regulatory flexibility, and inclusive financial mechanisms, Oman can cultivate a generation of youth who are not only job seekers but job creators.

Fostering youth entrepreneurship is both a social and economic necessity. As Oman continues its transition toward a knowledge-based economy, empowering its young citizens to innovate, lead, and create will be central to achieving sustainable growth and long-term national prosperity.

Chapter 6
References

1. Acs, Z. J., Desai, S., & Hessels, J. (2008). Entrepreneurship, economic development and institutions. *Small Business Economics, 31*(3), 219–234. https://doi.org/10.1007/s11187-008-9135-9
2. Audretsch, D. B., & Thurik, A. R. (2001). What's new about the new economy? Sources of growth in the managed and entrepreneurial economies. *Industrial and Corporate Change, 10*(1), 267–315. https://doi.org/10.1093/icc/10.1.267
3. Beck, T., & Demirgüç-Kunt, A. (2006). Small and medium-size enterprises: Access to finance as a growth constraint. *Journal of Banking & Finance, 30*(11), 2931–2943. https://doi.org/10.1016/j.jbankfin.2006.05.009
4. Central Bank of Oman. (2023). *Financial Stability Report 2023*. Muscat: Central Bank of Oman.
5. Chigunta, F. (2002). *Youth entrepreneurship: Meeting the key policy challenges*. Geneva: International Labour Organization.
6. Djankov, S., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2002). The regulation of entry. *Quarterly Journal of Economics, 117*(1), 1–37. https://doi.org/10.1162/003355302753399436
7. GEM (Global Entrepreneurship Monitor). (2024). *Oman: GEM National Report 2022-2023*. London: Global Entrepreneurship Research Association.
8. Hinton, P. R., Brownlow, C., McMurray, I., & Cozens, B. (2004). *SPSS explained*. London: Routledge.
9. Lackéus, M. (2015). *Entrepreneurship in education: What, why, when, how*. Paris: OECD Publishing.
10. National Centre for Statistics and Information. (2023). *Statistical Yearbook of Oman 2023*. Muscat: NCSI.
11. OECD. (2014). *Entrepreneurship at a glance 2014: Middle East and North Africa edition*. Paris: OECD Publishing. https://doi.org/10.1787/entrepreneur_aag-2014-en
12. UNCTAD. (2014). *Empowering women entrepreneurs through information and communication technologies: A practical guide*. Geneva: United Nations Conference on Trade and Development.
13. UNDP. (2024). *Human Development Report 2023/24: Breaking the gridlock*. New York: United Nations Development Programme.

14. UNDP & Behavioural Insights Team. (2021). *Youth entrepreneurship in the Arab States: A behavioural approach to policy design*. New York: United Nations Development Programme.
15. Tashakkori, A., & Teddlie, C. (2010). *SAGE Handbook of Mixed Methods in Social & Behavioral Research* (2nd ed.). Thousand Oaks, CA: SAGE Publications.
16. Valeri, M. (2009). *Oman: Politics and society in the Qaboos state*. London: Hurst.
17. Vagias, W. M. (2008). *Likert-type scale response anchors*. Clemson, SC: Clemson University.
18. Vision 2040 Office. (2020). *Oman Vision 2040: National framework for sustainable development*. Muscat: Vision 2040 Office.
19. WIPO. (2024). *Global Innovation Index 2024 – Oman country profile*. Geneva: World Intellectual Property Organization.
20. World Bank. (2020). *Doing Business 2020: Oman economy profile*. Washington, DC: World Bank.
21. World Bank. (2022). *Entrepreneurship and economic transformation in the MENA region*. Washington, DC: World Bank.
22. Zerovec, M., & Bontenbal, M. (2011). Tackling youth employment in Oman: The case for a diversified approach. *The Middle East Journal, 65*(1), 95–112. https://doi.org/10.3751/65.1.15
23. Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review, 25*(1), 217–226. https://doi.org/10.5465/amr.2000.2791611
24. MoHERI (Ministry of Higher Education, Research and Innovation). (2023). *Graduate Outcomes Survey – Key findings*. Muscat: MoHERI.
25. Oxford Business Group. (2025). *The Report: Oman 2025*. London: Oxford Business Group.

جامعة الشرقية
A' SHARQIYAH UNIVERSITY

RESEARCH EHICS & BIOSAFETY COMMITTEE (UREBC)

CERTIFICATE OF ETHICAL APPROVAL

Date:	13/11/25
Project No.:	
Project Title:	Investigation of the causes and effects of Reconciling Omani Youth failure in Entrepreneurship
Principal Investigator (PI)/Researcher	Mr. Mutasem AlRawahi

This is to certify that the research proposal associated with the project above has been reviewed by the Research Ethics and Biosafety Committee (UREBC) of A'Sharqiyah University and the ethical approval of this proposal has been approved under the code number (**ASU/UREBC/25/162**).

Note: The research should be carried out in accordance with the approved proposal. Any proposed change(s) to research design must be re-reviewed by the UREBC prior to implementation. While implementation you must consider the following:

- Report immediately to UREBC any adverse or unexpected events resulting from the research on human or/and animals.
- Notify the chair of UREBC upon completion or termination of the research project.

Dr. Einas Osman
Chair of University Ethics & Biosafety Committee
A'Sharqiyah University, Ibra, Oman
Email. einas.osman@asu.edu.om
Phone: +968 2540 1169