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Influence of demographic factors on the entrepreneurial intentions of university students in Oman

Abstract

This paper aims to examine the relationship of four critical demographic factors, namely, Father's occupation, Gender, Experience and Level of education on the entrepreneurial intention of Omani university students. The study uses a structured questionnaire to conduct a survey which is administered to the students of Dhofar University. The data collected are analyzed and it is found that there is a high level of intentions among students to start entrepreneurial ventures. Moreover, demographic factors are found to be influencing the entrepreneurial intention. Among the demographic factors experience is found to have the maximum influence on the entrepreneurial interest. The results suggest a need to provide students with on job training for gaining experience along with their educational programs. As an increase in experience will lead to a higher entrepreneurial intention of students and thus the likelyhood of a student becoming an entrepreneur will increase. Furthermore, universities and government should promote entrepreneurship training programs taking into account the Father's occupation, Gender, Experience and Education Levels of students.

Keywords: demographic, Oman, entrepreneurial intention, survey.
JEL Classification: J10, O53, M13, C83.

Introduction

Entrepreneurship generates significant economic opportunities for an individual which in turn helps in the economic development of a country. Entrepreneurial intentions (hereafter, EI) are important as they are antecedent for new entrepreneurship ventures (Kolvereid, 1996; Linan, Cohard & Cantuche, 2005). Previous studies have highlighted the influence of Demographics on the EI (Reynolds, 1991; Stanworth et al., 1989; Wang & Wong, 2004).

Sultanate of Oman is dependent on the hydrocarbon sector as it is a major contributor to the Gross Domestic Product (GDP). The government desires to reduce the dependence on the oil sector. Proceeds from the hydrocarbon exports have been used to diversify the economy. This has been done by promoting entrepreneurship through various funding schemes with a view to diversify the national economy through Small & Medium Enterprises (SMEs). Currently the contribution of SMEs to the GDP is between 13-14 per cent but Oman aims to increase it to around 20 per cent of GDP by 2020. Also for oil dependent economy such as Oman fluctuations in oil prices leads to a substantial reduction GDP (depicted in Table 1). Such economic shocks can be cushioned by promotion of entrepreneurship.

Table 1. GDP statistics of Oman (Rial Omani, Billion)

Year	2010	2011	2012	2013	2014				2015
					2014	2014	2014	2014	Q1
All economy	22.6	26.1	29.4	30.1	7.6	15.3	23.6	31.5	6.5
% change	21.9	15.9	12.4	2.4	0.9	-14.0	5.2	4.6	-14.2
Oil GDP	10.4	13.9	15.3	15.2	3.8	7.5	11.4	14.8	2.4
% change	40.7	33.7	10.5	-0.9	-0.2	-0.4	1.4	-2.4	-36.8
Non-oil GDP	12.2	14.1	16.0	17.2	4.3	8.7	13.6	18.9	4.4
% change	9.9	11.7	13.6	7.3	8.3	7.3	8.2	10.1	4.1

Source: Economic Review of Sultanate of Oman, July 2015.

Oman has embarked on various steps to enable the youths to pursue entrepreneurship. Public Authority for Small and Medium Enterprises Development (Riyada) provides special schemes to entrepreneurs. Initiatives specially designed for youths are such as the SANAD and Al Raffd fund.

The promotion of entrepreneurship in Oman is in line with a worldwide trend of great interest in the proliferation of new firms hoping that they will help in the economic development and provide employment. This trend is based on the realization that the existing large businesses can no longer fulfil the increased requirements of employment and entrepreneurship will resolve problems of unemployment and economic development (Davidsson, Lindmark & Olofsson, 1995).

This study was carried out to find out the influence of demographics on the EI of university students in Oman. In order to promote entrepreneurship in

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Oman it is important to study the various factors which can influence the decision to become an entrepreneur. Demographics have been identified as major factor influencing entrepreneurship (refer literature review). This study aims to fulfil a research gap by investigating the influence of demographics on the EI of university students in Oman. This will help policy makers and educators to support potential entrepreneurs.

1. Literature review

Intention towards a particular thought or idea is a forerunner to the future course of action. EI which shows the disposition towards entrepreneurship can thus be used to forecast the likelyhood of becoming an entrepreneur. Previous researchers have attributed various factors to the formation of EI. Studies such as Fini et al. (2009), Stanworth et al. (1989) have highlighted that EI is formed by demographic factors. In the context of Oman, Shariq et al. (2016) have found through factor analysis that variables such as Society, tradition and culture, financial risk, knowledge & skills, funding, location and family support are important for entrepreneurship. Magd et al. (2016) have also highlighted the importance of entrepreneurship in Oman.

1.1. Hypotheses development. *1.1.1. Father's occupation.* Studies have been carried out to observe if there is any relationship between Father's occupation and preference for entrepreneurship and employment. Previous studies have shown that self-employed parents have an impact on the self-employment choice of their children. Scott and Twomey (1988) found that respondents whose parents owned a small business showed the highest preference for selfemployment and the lowest preference for organizational employment; Brown (1990) also observed a similar phenomenon in the UK when conducting a training program to assist undergraduates in starting their own business. He found that 38% of the pre-selected students (who are very interested in starting own business) had fathers with their own businesses, which is higher than the general level. Hakim (1988) on self-employment choice in the UK; Crant (1996) on US undergraduates and MBAs and Schiller and Crewson (1997) on self-employment choice in the US also found similar results. Therefore, we study whether Father's occupation is a key factor that influences the EI in Oman.

*$H1_0$: There is no significant relationship between **Father's occupation** and EI of Omani university students.*

Gender. There is an overrepresentation of male entrepreneurs in most countries and it is assumed that men have higher EI than women (Turker & Selcuk, 2009). Among the demographic factors gender was found to have a pronounced influence on the EI of students. Females were found to be less entrepreneurial than males (Wang & Wong, 2004). Lerner and Yeoshua (1996) observed that male students have stronger entrepreneurship aspirations than females. Matthews and Moser (1996) on business graduates in the US also discovered through a longitudinal study that males' interests are consistent but females' interests decline with time.

On the contrary, it has been witnessed that the self-employment rate of women has risen in recent years. For example, in the USA percentage of women in self-employment rose from 23.7% in 1975 to 32.3% in 1990 (Devine, 1994). Therefore, there is a need to study the influence of gender on EI of university students in Oman.

*$H2_0$: There is no significant relationship between **Gender** and EI of Omani university students.*

Experience. Previous studies have shown that prior entrepreneurial experiences can not only develop individual's entrepreneurial intentions, but can also accumulate experiences and skills for future entrepreneurial activities. Also the type of work experience (government or private) also influences the EI (Kolvereid, 1996; Mazzarol et al., 1999). Whereby, those with private sector were likely to have a higher EI than their government sector counterparts. Some researches, however, indicate that the prior entrepreneurial experiences just have slight influences on individual's knowledge of entrepreneurship and have no significant impact on their entrepreneurial attitudes (Davidsson et. al., 1995). Therefore, there is a need to study the influence of experience on the EI of university students in Oman.

*$H3_0$: There is no significant relationship between **Experience** and EI of Omani university students.*

Level of education. Education provides opportunities in existing firms and, thus, reduces the desirability of entrepreneurship due to the opportunity cost. But so far the influence of education on EI is unclear. We have business founders, with both lower and also above average formal education. Turker & Selcuk (2009) have stated that individuals with lower than average education have a lesser EI. Stewart et al. (1999) studied corporate managers, small business owners and entrepreneurs, and found that corporate managers were the most highly educated as compared to entrepreneurs. In contrast, Van de Ven and Schroeder (1984) found that college educated entrepreneurs were more likely to be associated with longer surviving firms and in start-ups in high technology areas.

Therefore, there is a need to study the influence of education on the EI of university students in Oman.

*$H4_0$: There is no significant relationship between the **level of education** and EI of Omani university students.*

Table 2. Studies on Entrepreneurship and Demographics

Demographics	Previous studies
Father's occupation	Brown (1990), Crant (1996), Koh (1996), Schiller & Crewson (1997), Hakim (1988), Scott & Twomey (1988), Tkachev and Kolvereid (1999), Wang and Wong (2004), Veciana, Aponte & Urbano (2005).
Gender	Devine (1994), Ghazali, Ghosh & Tay (1995), Lerner & Yeoshua (1996), Matthews & Moser (1996), Kourilsky and Walstad (1998), Phan, Wong & Wang (2002), Wang & Wong (2004), Dunn (2004), Turker & Selcuk (2009).
Working experience	Ghazali, Ghosh, & Tay (1995), Kolvereid, (1996), Mazzarol et al. (1999), Kristiansen and Indarti (2004), Othman, Ghazali & Sung (2006), Uddin & Khan (2015).
Level of education	Stewart et al. (1999), Turker & Selcuk (2009), Van de Ven and Schroeder (1984).

2. Methodology

Primary data were used for this study. Data were collected using a self-administered questionnaire from 300 students of Dhofar University, OMAN. Dhofar University is among the top ten higher educational institutions of Oman and is the only university in the Dhofar region of Oman. The data collected were statistically tested for relationship between demographic factors and EI. The independent variables consist of Father's Occupation, Gender, Experience and Level of Education. Due to lack of similar studies in Oman the questionnaire was developed taking into consideration the literature review of previous international studies on EI. EI, the dependent variable, is measured by responses to three questions (*Starting my own business is attractive. Entrepreneurship is a highly desirable career. It is better to be founder of a new company than to become manager of an existing one*) using a 5 point Likert-scale. To test the four hypotheses, **Correlation test** is applied. The following coding has been used for the independent variables:

- Father's occupation (Salaried-1, Business-2).
- Gender (Male-1, Female-2).
- Experience (No-1, Yes-2).
- Level of education (Pre University-1, Diploma-2, Graduate-3 and Masters-4).

3. Results

Responses to the questionnaires have been depicted in Table 2. 56% of students intend to become entrepreneurs. Males' respondents were 39%, where females' were 61%. Students with business as Father's occupation were 62% while salaried were 38%. Only 31% of students had some experience. The Level of education was as follows: Pre-university − 20%, Diploma − 27%, Graduate − 41%, and Masters − 12%.

Table 3. Profile of respondents (N = 300)

Intention	Yes − 56%	No − 44%		
Father's occupation	Salaried − 38%	Business − 62%		
Gender	Males − 39%	Females − 61%		
Experience	Yes − 31%	No − 69%		
Level of education	Pre University − 20%	Diploma − 27%	Graduate − 41%	Masters − 12%

Statistical test. The list of independent variables along with their correlation has been depicted in Table 3. The results show that there is a significant relationship between Father's occupation, Gender, Experience and Education with the EI.

Table 4. Correlation analysis

	Father's occupation	Gender	Experience	Level of education	Entrepreneurial intention
Father's occupation	1				
Gender	-0.044	1			
Experience	0.435	-0.028	1		
Level of education	0.453	0.164	0.266	1	
Entrepreneurial intention	0.283**	-0.296**	0.674**	-0.301**	1
R	R square	Adjusted R square		Std. error of the estimate	
0.736[a]	0.542	0.536		0.339	
ANOVA[b]	Sum of squares	Df	Mean square	F	Sig.
Regression	40.047	4	10.012	87.191	0.000
Residual	33.873	295	0.115		
Total	73.920	299			

Notes: ** Correlation is significant at the 0.01 level (2-tailed). *a.* Predictors: (Constant), Experience, Father's occupation, Level of education, Gender. *b.* Dependent variable: Entrepreneurial intention.

Table 3 shows the value of the R square as 0.542, which indicates a good level of prediction. The F-ratio in the ANOVA test shows that overall regression model is a good fit for the data. The independent variables Father's occupation, Gender, Experience and the Level of education can predict the dependent variable significantly [F (4,295) = 87.191, $p < 0.001$].

4. Discussion

Entrepreneurial intention. It was found that majority of the students (56%) have intention to become an entrepreneur. The results are within the range of previous studies conducted on EI of university student. Though the findings differ as per the region and with time, but the lowest EI was found to be 24.6% (Scott & Twomey, 1988) while highest value was 90% (Timmons, 1994).

Father's occupation. Correlation analysis was employed to find out the relationship between Father's occupation and the EI. The correlation coefficient (r) was found to be 0.283. A positive and significant relationship has been demonstrated by this finding. Hence, hypothesis "$H1_0$: There is no significant relationship between Father's occupation and EI of Omani university students" was **rejected** at 0.01 levels. The results indicate that the students whose fathers are engaged in business have a higher level of EI. The results are in line with previous studies such as De Wit & Van Winden (1989) which found that father's occupation has an impact on the on the EI.

Gender. Correlation analysis was employed to find out the relationship between gender and the EI. The correlation coefficient (r) was found to be -0.296. A negative and significant relationship has been demonstrated by this finding. Hence, hypothesis which states that "$H2_0$: There is no significant relationship between gender and EI of Omani university students was **rejected** at 0.01 levels. Results imply that males have more inclination towards entrepreneurship than females. Results conform to previous literature findings on gender and entrepreneurship such as Crant (1996) which have also reported higher EI for male students.

Experience. The correlation analysis was employed to find out the relationship between Experience and the EI. The correlation coefficient (r) was found to be 0.674. A positive and significant relationship has been demonstrated by this finding. Hence, hypothesis "$H3_0$: There is no significant relationship between Experience and EI of Omani university students" was **rejected** at 0.01 level.

Results indicate that experience is an advantage for university students. As experience enables to have a better knowledge about business and also helps to build an associated network for entrepreneurship. The results are in line with previous studies such as Wang & Wong (2004), which shows that the entrepreneurs create their companies after having worked in sectors close to the business sector of the new company where they acquired their skills and their experiences with the product. This is so because they possess a good knowledge about markets, technologies and industry.

Level of education. The correlation analysis was employed to find out the relationship between Educational levels and the EI. The correlation coefficient (r) was found to be -0.301. A negative and significant relationship has been demonstrated by this finding. Hence, hypothesis "$H4_0$: There is no significant relationship between the level of education and EI of Omani university students" was **rejected** at 0.01 level. Higher qualified students were found to have lesser EI. This observation was also found by Ghazali et al. (1995). One likely cause for this may be the rewarding career prospects of higher qualified students in public and private enterprises. Thus, it is unwarranted for them to start their own business and give up the benefits of salaried employment.

Conclusions and recommendations

The findings have implications for government, policy makers and universities. Firstly, the EI of Omani student is high and many desire to start their own businesses. In order to promote entrepreneurship in Oman students should be made aware of the various existing support and financing schemes for entrepreneurs being provided by the government. Secondly, demographic factors are found to have an influence on the EI. On comparing the correlation coefficient (r) value for the independent variables, experience was found to have the maximum correlation with EI. Therefore, policy makers should focus on ways to expose students to real life industry situations so that they may gain experience. Entrepreneurship can be promoted by focusing on methods to raise the EI among the university students such as introducing entrepreneurship course and making on job training a part of the course curriculum. This will give students a chance to get hands on experience and help in familiarizing them towards entrepreneurship. As female students have lesser EI than their male counterparts entrepreneurship courses should try to orient the mind-set of the female students towards entrepreneurship.

Dhofar University was the first university in Oman which established a center for entrepreneurship in order to build entrepreneurship culture in the region

and Oman as well by putting the necessary educational plans for positive interacting with the development of the Omani economy by finding alternative ways to increase the national income and well-being of the society away from oil production. Other universities and higher education institutes in Oman can also establish entrepreneurship centres to promote entrepreneurship.

Limitations and scope for further research

The sample for research was restricted to the students of the Dhofar University in Salalah, Oman. Ideally, the responses should be taken from the different universities and colleges of Oman but due to paucity of time, geographical conditions and other reasons, the responses were taken from only one university. Also as the sample size is limited, the findings can be taken only as indicative results. Therefore, it is worth mentioning that the findings have to be compared and confirmed with a study with bigger samples size to get better accuracy.

The present study can be extended in several directions for further research. For example, it would be interesting to analyze whether students from Engineering faculty or say Commerce and Business faculty would have a higher EI than students of other faculties. Additionally, further research can be carried out to find the relationship between EI and actually becoming an entrepreneur.

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