ENTREPRENEURIAL APPROACH TO TOURISM DEVELOPMENT IN OMAN

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ABSTRACT

Entrepreneurial approach is being proactive, innovative in their approach to their enterprise. Tourism is the largest growing industry in the world and Oman has the natural potential for it. The Sultanate of Oman has a diversified economy, unlike many of the gulf cooperation countries that rely almost entirely on oil revenues. Natural gas and several non-energy business sectors, such as tourism, fishing, light manufacturing, and agriculture are expanding rapidly. Tourism is the most attractive area for entrepreneurs. From the perspective of entrepreneurship, tourism provides a specific context that is perceived to be different from other industrial sectors in terms of identification of entrepreneurial opportunities and the process of their consumable tourism product. Small and Medium-sized Enterprises are the main drivers of job creation, growth and economic diversification (Gulf Research Centre, 2009). Oman is gradually reaping the benefits from tourism that justifies the strong focus given to this sector of the Sultanate’s economy, which has come a long way over the past decade and has proven to be an important new source of revenue; in keeping with the government’s aim of diversification away from overdependence on income generated from finite fossil fuels. The ever-increasing scale of tourism, one of the fastest growing sectors of the global economy, is not only driven by human needs and a desire for travel but also by business opportunities to respond to increasingly complex human needs and a curiosity (Lee and Crompton, 1992). These opportunities are realized through the commercialization of nature, culture, traditions, history, religions as well as other commercial activities and human achievements. In order to examine the level of entrepreneurship and the factors that underpin such behavior in the tourism sector, it is necessary to understand the industry structure that is more complex, as opposed to other industrial sectors and, to a greater degree, integrated into a wider social and economical context.
INTRODUCTION

Tourism plays a pivotal role in socio-economic development. It fosters international understanding as a part of “Global Village Concept”. Tourism has indeed grown to become a major social and economic force in the World (McIntosh et al., 1995).

It is a well known fact, that tourism has become a major force in the economy of the world, an activity of global importance and significance (Cooper et al., 1996). A part from the benefits of greater understanding and trust between people and other social benefits, it also causes redistribution of wealth from one area to other along with its inevitable role in balance of payments accounts of a country. It is estimated that it has already generated employment for more than 200 million people across the world. United Nations World Tourism Organization (UNWTO), an apex body of tourism authorities in the world view that Travel and Tourism can be part of the solution to world problems, such as, bridging the gap between the ‘haves and have–nots’. As an economic activity, it can help, contribute significantly to all alleviation of poverty in almost all the areas of globe.

Entrepreneurship has emerged over the past two decades as a core economic and development force all over the world. The Omani government realized the crucial importance of entrepreneurship and has managed in few years to take serious steps to foster the entrepreneurial sector across the nation. To put the entrepreneurial theme into practice, the Omani national policy has instrumented various tools to facilitate the promotion, funding, tax incentives as well as provision of technical support to start up and manage a small business. Such actions have entailed new legislations, the establishment of public as well as private sector service providers (for example Directorate General for the Development of SMEs, Sanad Program and Intililaqah) to support the entrepreneurial projects. This has also implied the movement of all ministries, municipalities and all other institutions towards the implementation of a set of actions to sustain the Omani entrepreneurial sector.

HIS MAJESTY’S VISION OF TOURISM IN OMAN

The tourism industry is well qualified to offer career opportunities to Omanis. It is well capable of serving the aims of regional development, since its benefits will cover all regions. On this basis we should prepare a new strategy to develop this sector so it can stand on its own feet in a severely competitive, flexible and diversified international market.” (Speech of his Majesty Sultan Qaboos bin Said - 29th National Day) The Vision statement was “To develop tourism as an important and sustainable socio-economic sector of the Sultanate in a manner that reflects the Sultanate's historic, cultural and environmental heritage and sense of traditional hospitality and values ”; and the Mission statement was ”To help facilitate economic diversification, preservation of cultural integrity and environmental protection of The Sultanate ".

IMPORTANCE OF TOURISM IN ARAB COUNTRIES

Tourism is considered as a major source of foreign exchange, being then important to Arab countries' economy for balance-of-trade purposes and the development of infrastructure (e.g. in Jordan, tourism is considered as the main source of foreign exchange earning after the
remittances from overseas Jordanian workers). Tourism also is a crucial generator of employment to many of these countries (e.g. according to the Egyptian Tourism Authority, 10% of the Egyptian population is depending on tourism for earning their living, of which a significant proportion is of semi-skilled and unskilled employees; in Bahrain, 17-18% of Jobs are in tourism, either directly or indirectly; in Oman, hotels are required by law to have 50% of its employees from local national employees). Tourism also helps in reducing the dependence on other sources of economy (e.g. Gulf countries are giving a very good example here, these countries have started to recognize the importance of tourism to decrease their reliance on oil revenues in the long term, e.g. Dubai in UAE, Oman, Qatar and Bahrain); though, some other countries with big oil reserves are slow toward tourism development, that is due to the lack of need to diversify their economies (as Abu Dhabi in UAE, Kuwait and Saudi Arabia) (WTO 2003).

According to the reports of World Travel and Tourism Council, the economic activities are indicating a more promising contribution of tourism and travel industry to Arab countries economies. In 2009, travel & tourism is expected to post US$241.9 billions of economic activity (as a total demand), growing to US$529.8 billions by 2019 in the Middle East region (WTTC 2009a). This also can be seen to what regards the contribution to world GDP, the travel and tourism industry is expected to post a GDP contribution of 3.9% in 2009 (WTTC 2009 a & b). Middle East travel and tourism employment is expected to generate 5,130,000 jobs in 2009, 9.0% of total employment, or 1 in every 11.1 jobs. By 2019, this total is predicted to become 6,876,000 jobs, 9.5% of total employment or 1 in every 10.5 jobs (WTTC 2009).

FOREIGN EXCHANGE EARNINGS

Tourism industry is otherwise known as smokeless industry which generates income in the form of foreign exchange. In other industries some goods have to be exported to earn foreign exchange but in tourism since the tourism products are already available within the country. When a tourist comes to a destination he will be utilizing the service from various organizations. This in turn will generate foreign exchange when he makes payment for services he has enjoyed. Tourism is one of the top five export categories for as many as 83% of countries and is a main source of foreign exchange earnings for at least 38% of countries. (WTO)

CONTRIBUTION TO GOVERNMENT REVENUES

The revenue for the government can be classified into direct and indirect taxes. Taxes will be paid by tourist when they utilize certain services from the destination. There will be income tax from the people employed in the tourism sector. The organization providing goods and services to the principal or the main service provider will also be paying taxes. It starts from the payment for visa, then airport taxes etc.

EMPLOYMENT GENERATION

Tourism industry is the world’s largest industry employing more than 11.5 million jobs worldwide. Tourism and hospitality industry can generate jobs directly through tourism entrepreneurship, tour operators, travel agencies, tour guiding, restaurants, sales of souvenirs
in the handicraft shops. The employment opportunities can be from airlines, cabin crew, airport management companies etc.

It is stated by World Tourism Organization that tourism sector supports about seven percentage of world’s work force. When infrastructure investment is increased and developed for tourism, this can definitely improve the quality of life for residents as help in tourism growth. In Oman the level of Omanization is more than 60 % in the tourism sector. Inspite of this high rate of Omanization due to the cultural problem, the ministry of tourism has not achieved the desired percentage.

CONTRIBUTION TO ECONOMY WITHIN THE COUNTRY

Tourism can be an important, even inclusive part of the local economy. Tourism has the potential of contributing revenue even to run the economy of a country like in Mauritius, Spain, Maldives etc. When a tourist spends 100 OMR the benefit of this will go to many people involved in the tourism business directly and indirectly this is called multiplier effect. The World Travel and Tourism Council estimate that tourism generates an indirect contribution equal to 100% of direct tourism expenditure.

REGIONAL DEVELOPMENT

It is seen noticeably that any country where tourism development takes place it directly contributes to the regional development ex Dubai, Mauritius, Maldives, and Spain etc. Here in Oman it is apparent that after 1999 when it was decided to develop tourism on policy level, each and every region has seen a tremendous growth in terms of super structure, infrastructures etc. It helps to maintain and protect the culture, traditions of the region and also the archalegically, religiously important sites in the region like the Al-Baleed archeological museum, Khor-Rori Sumharam, Lost city of Ubar, Nabi Ayub’s tomb, Nabi Umran tomb, Nabi Saleh’s tomb etc. Development of airports at Muscast, Salalah, Sohar, Ras-Al Hadd, Adam, Duqum and seaports at Muscat, Salalah, Sohar and Khasab. Beautification of Muscat city, Old Muscat, Muttrah cornice etc are excellent contributions of the regional development through tourism.

TRAVEL & TOURISM’S CONTRIBUTION TO GDP

The direct contribution of Travel & Tourism to GDP in 2011 was OMR768.9mn (3.0% of GDP). This is forecast to rise by 5.7% to OMR812.4mn in 2012. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 5.2% pa to OMR1,342.6mn (3.5% of GDP) by 2022.

GDP: Direct Contribution

Direct contribution of Travel & Tourism to GDP was OMR893.4mn (3.1% of total GDP) in 2012, and is forecast to rise by 7.6% in 2013, and to rise by 5.1% pa, from 2013-2023, to OMR1,581.2mn in 2023 (in constant 2012 prices).
GDP: Total Contribution

The total contribution of Travel & Tourism to GDP was OMR2,043.2mn (7.0% of GDP) in 2012, and is forecast to rise by 8.0% in 2013, and to rise by 5.5% pa to OMR3,752.0mn in 2023.

Employment: Direct Contribution

In 2012 Travel & Tourism directly supported 37,000 jobs (3.3% of total employment). This is expected to rise by 4.9% in 2013 and rise by 3.5% pa to 55,000 jobs (4.0% of total employment) in 2023.

Employment: Total Contribution

In 2012, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 7.0% of total employment (77,500 jobs). This is expected to rise by 5.1% in 2013 to 81,500 jobs and rise by 3.7% pa to 117,000 jobs in 2023 (8.6% of total).

Visitor Exports

Visitor exports generated OMR643.2mn (3.2% of total exports) in 2012. This is forecast to grow by 2.3% in 2013, and grow by 6.5% pa, from 2013-2023, to OMR1,234.3mn in 2023 (4.4% of total).

Investment

Travel & Tourism investment in 2012 was OMR364.5mn, or 5.2% of total investment. It should rise by 9.9% in 2013, and rise by 6.4% pa over the next ten years to OMR745.4mn in 2023 (6.5% of total).

(WTTC Economic Impact Report 2013)

RATIONALE AND SIGNIFICANCE OF THE PRESENT STUDY

“The word entrepreneur originates from the French word, entreprendre, which means “to undertake”. In a business context, it means to start a business. The Merriam-Webster dictionary presents the definition of an entrepreneur as one who organizes, manages, and assumes the risks of a business or enterprise. The key concept to entrepreneurship is Innovation. It refers to new or different Ways of doing things when an individual creates a new product or when he sells a Current product in a different approach (Fajardo, 1994)

New approaches are emerging in both the private and public sectors in the creation of innovative business as well as tourism development models worldwide. These novelties may not, however, be always visible or measurable by strict business criteria. The tourism product is often intangible and secondary to main commercial tourism activities; and it is therefore difficult to prove its market value. The ever – Increasing scale of tourism, one of the fastest growing sectors of the global economy, is not only driven by human needs and a desire for travel but also by business opportunities to respond to increasingly complex human needs and
a curiosities (Lee and Crompton, 1992). These opportunities are realized through the commercialization of nature, culture, traditions, history, religions as well as other commercial activities and human achievements. Entrepreneurship requires at least one motivated person. The entrepreneur is the corner stone of the entrepreneurial process – the chief conductor who perceives an opportunity, marshals the resources to pursue this opportunity and builds an organization which combines the resources necessary to exploit the opportunity.

Even though tourism seems to be rewarding sector for investors and entrepreneurs the concept of tourism entrepreneurship has not been adequately understood. The limited literature in the area of the tourism entrepreneurship suggests there is little entrepreneurial behavior in the sector. The reality, however, proves the opposite. The hospitality and tourism industry has been fertile for entrepreneurial business. Thomas cook’s tour packages, Ray Kroc’s McDonald’s, Walt Disney’s theme parks, J.W. Marriott’s and Conrad Hilton’s hotels are just a few classic entrepreneurial brands in the world of hospitality and travel enterprises. Driven by inner need to succeed and to make a difference in some way, these truly successful entrepreneurs focused on their opportunities and pursued them with great dedication and courage in the face of opposition and setbacks. All of these entrepreneurial leaders have engraved their names and business in the history of the hospitality and travel industry (Keka Lahiri 2005)

The role of entrepreneurs in tourism sector plays a major role in promoting the tourism business. Entrepreneur is one of the most important inputs in the tourism development of a country or of the regions within the country. Entrepreneurial talents and competence makes all the difference in the rate of tourism growth. The active search of opportunities, entrepreneurial alertness, prior knowledge and social networks of entrepreneurs promotes the tourism business. In Oman because of mixed economy pattern of society both state and private enterprises co-exists. The entrepreneurs’ presence in the tourism related business activities is significant and leading to a higher rate of tourism growth, dispersal of economic activity and resulted in balanced regional development, creation of employment opportunities and improving existing standard of living. The lack of adequate research on tourism entrepreneurship is the major handicap and there is not much literature about the role of entrepreneurs in tourism in the study area. It is also important to high light the gap in our understanding of how small medium tourism establishments (SMTEs in destinations influence overall economic development (Shaw and Williams)

Research is also used as a process to inform public sector decision – making to promote tourism as an investment decision to assist localities in building a service economy, often using studies commissioned by specialist consultants which provide the blueprint or strategic direction for change, along with potential business opportunities. Individual businesses typically develop these new commercial opportunities, frequently undertaking or commissioning consultants to prepare feasibility studies and subsequent business plans (page, 2009) as a precursor to implementing the innovation process to develop new businesses or to grow existing business capacity and capabilities

FROM EMPLOYMENT TO TOURISM ENTREPRENEURSHIP IN OMAN — THE NEED FOR A PARADIGM SHIFT

Entrepreneurship in Oman is hardly new. Indeed, since as far back as the first century AD, Oman has been an international trading hub, a source of frankincense and home to the world’s ancient seafarers. Today, the sleeping beauty that is Oman’s entrepreneurial spirit is
waking up and there by giving ample opportunities for tourism entrepreneurs. With more and more Omani youths graduating every year, and more entrepreneurial venues are opening up in tourism sector. Instead of seeking employment opportunities there should be a paradigm shift to entrepreneurship. In this tourism sector will best suit the purpose since the sector is service oriented, with reasonable amount of experience one can start up his own business initially in a small scale and later it can be developed. The need of the hour is financial support for youngsters who have innovative ideas to make them commercially successful. As it is popularly said ‘Don’t give them fish, but teach them fishing’ — a successful tourism entrepreneur would be able to provide employment opportunities to many more.

THE NEED FOR GOVERNMENT TO SUPPORT ENTREPRENEURSHIP

In any country the main drivers of economy are Small and Medium sized Enterprises (SME’s). Since entrepreneurship is private ownership of their business, due the changing environments, entrepreneurial orientation, Creativity, flexibility and adaptability they react to challenges. SMEs provide good employment opportunities and they contribute to sustainable growth. SME’s play a vital role in strategic planning of the national economy of a country. Contribution of SME’s towards the GDP of country’s national economy is very important.

Uniqueness of a successful Entrepreneur

An entrepreneur is not born with the entrepreneurial characteristics; these qualities can be developed in due course by many training programs like entrepreneurial development programs etc. it is about having mind-set and the drive to accomplish something in business. Successful entrepreneurs in Oman like the ambitious Saud Bhawan, Suhail Bhawan, and Mohammed Al Barwani had an inner drive to succeed and grow their business, rather than having an Oxford Business degree or technical knowledge in a particular field. All successful entrepreneurs have the following qualities:

Willingness to Make Sacrifice

A new venture is often plagued with numerous difficulties and problems. The entrepreneur has to be prepared to sacrifice his time, energy and resources. He must be willing to struggle. Sacrificing personal comforts and conveniences, against seemingly endless odds. An entrepreneurial job is not like typical nine to five job, it tends to be far more demanding, requiring total commitment and sometimes, even an obsessive preoccupation-on the part of the entrepreneur.

Leadership

Flourishing entrepreneurs generally have strong leadership qualities. They are able to inspire ordinary persons to accomplish great feats, even though outwardly they may be timid. They are able to motivate people with their zeal.

Decisiveness

A fledging enterprise has to accomplish many things in an atmosphere of uncertainty. Numerous decisions have to be taken in very short time with limited information. Unless the entrepreneur is quick in decision making, he may miss valuable opportunities.
Confidence in the Project

An entrepreneur should have unbounded faith in his project. This helps him in instilling confidence in suppliers, creditors, customers, employees and others. Without unwavering passion in the project, it would be difficult for the entrepreneur to withstand the failures and frustrations from the new venture.

Marketing Orientation

A strong marketing orientation is critical to a new venture. An entrepreneur who is skillful in exploiting market opportunities has the best chance of success. If an entrepreneur lacks marketing skills, he must find a partner who can remedy this deficiency; otherwise the venture will be severely handicapped because of its inability to exploit the marketing opportunities.

Strong Ego

The entrepreneur needs a strong ego to bear with ups and downs in his new enterprise, since a lot of risk has to be taken in the initial stages and later on also. To endure periods of adversity and to maintain proper perspective when events cast their shadow over the enterprise, the entrepreneur needs a strong identity and self-image (Neeta Baporikar, 2008)

NEED FOR TOURISM ENTREPRENEURSHIP IN OMAN

Development of tourism is vital for Oman's economic development due to its immense potential and ability to provide employment and entrepreneurial opportunities on a large scale for youths.

Omran was established by the Government of Oman to identify opportunities in the tourism sector – and to make them happen. The Government of Oman recognizes that tourism has an important role to play in our future, and requires solid foundations to support sustainable growth and development. Great strides have been taken by the sector over recent years, with the ongoing delivery of successful projects helping to create a robust industry. These developments will also generate entrepreneurial opportunities for our budding youth and support our local communities.

With more tourism and hospitality projects being undertaken both in the cities and in the rural areas, there are a lot of potential for starting up small, medium business(SME’s) which can cater to the burgeoning tourism sector. This will create entrepreneurial activities in the region by the youths from the area. This initiative will provide employment opportunities for the youth population from the locale. This will ensure that migration of youths to cities to seek employment can be reduced; it can contribute to some economic activity, thereby leading to the contribution towards the GDP of the region.

Development of SME’s in tourism sector will reduce the leakages which will occur through a multinational organization. Most of the business enterprises in the tourism sector are run by the multinational organizations. The Omani employee who work with these companies for some years and when the have sufficient years of work experience; they can start their own business in a small way. At present there is lots of support for developing SME’s from the government, banks, financial institutions; corporate sectors etc. This will contribute to the regional development, creation of employment opportunities etc.
FOSTERING TOURISM ENTREPRENEURSHIP IN OMAN

With the escalation of Islamic banking it is easy to source the equity requirement of the young entrepreneur. Mudārabah is a type of Islamic equity-based partnership contract, universally known as a profit-sharing contract. It is a partnership contract where the capital provider contributes the capital while the manager provides managerial skills to manage the Mudārabah capital accordingly. The parties involved in a Mudārabah contract share the profit between them. However, the loss will be borne solely by the capital provider in the absence of misconduct or negligence or breach of the partnership terms and conditions by the manager. Hence, the element of trust based on the fiduciary relationship between the parties is the foundation of this contract.

The Islamic institutions can form Mudārabah partnership with the young entrepreneur and this, in my opinion, is a workable solution for budding small and medium-sized entrepreneurs, where the banks provide finance and the entrepreneur provides business acumen.

The above two will go to a large extent in extending a supporting hand to the youth of the country in establishing businesses which are close to them and in which they have innovative and successful ideas. A new small and medium-sized operation today can be a business conglomerate tomorrow! The government contribution can be from a fund created for this purpose. Once the young entrepreneur is successful in the venture and pays back the government contribution, the same amount is available for the fund to provide for another new entrant.

Support Framework (Training) for Entrepreneurship Development in Oman

Annexure: 1

Sanad Program

- The Sanad program was established at the directives of His Majesty Sultan Qaboos to provide job seekers among citizens with opportunities to gain their living and to support self-employment projects and develop small businesses.
- Creating free work culture and encouraging the youth to invest their skills in self-employment for their own benefit.
- Providing citizens with job opportunities in their Wilayats and curb their migration to the cities.
- Availing a permanent and renewable source of income and contributing to the economy development at the Wilayat level.
- Safeguarding income and re-investing it in economic activities to generate further income at the national level.
- Contributing to the employment of the national labor force.
- Encouraging and supporting individual initiatives and self-employment programmes.
- Contributing to qualifying individuals and preparing them to actively contribute to the labor market.
- Developing individual projects and drafting required programmes and plans to spread them.
- Establishing incubators to provide individuals who wish to establish small projects with required care and support.
Annexure: 2

Facilitation provided by the directorate for SME’s

- Define the investment opportunities available in the Sultanate
- Raise investment awareness on the importance of SMEs in the development of local societies.
- Activate the role of financial establishments in financing SMEs through:
  a. giving the investor the needed information on the available financing methods and conditions of loans.
  b. Coordinate with the financial establishments to facilitate financing procedures for SMEs.
- Develop and qualify the persons and establishments to manage the business with competence.
  Provide consultancy services to the concerned authorities in SME through:
  a. Give them new ideas for productive projects
  b. Guide them to the best financing sources
  c. Provide marketing, financial, technical and management consultancies to project owners
  d. Overcome obstacles which the investor face when establishing a project
  e. Follow up the project after establishment and providing the needed services.
- Train the investors on how to establish a successful project through:
  a. Organize specialized symposiums in investment opportunities in the local society
  b. Train and qualify project owners to effectively develop the projects
  c. Train and qualify the workers in these projects to improve the productivity
  d. Organize training courses on modern accounting systems and its importance in follow up and performance assessment.
- Encourage Omani women to establish small and medium projects in fields like, nurseries, kindergarten and tailoring.
  Issue licenses for home based business.

Support from Corporate sectors for Entrepreneurship Development

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<th>Organization</th>
<th>Support Provided</th>
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<td>AMIDEAST (Cisco)</td>
<td>• Improving educational opportunities and quality</td>
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<td></td>
<td>• Provides professional development solutions</td>
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<td>• Conducts entrepreneurship training workshops</td>
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<td></td>
<td>• Provides skills needed for entrepreneurs</td>
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<tr>
<td>Injaz Oman</td>
<td>• Enlightens the students on the concepts and principles of establishing a business enterprise.</td>
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<td></td>
<td>• Encourage students to find solutions &amp; appropriate plans to establish business enterprise.</td>
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<tr>
<td>Shell Intilaaqah Oman</td>
<td>• Provides funding, guidance and business development services to existing and potential entrepreneurs.</td>
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<tr>
<td>Sharakha</td>
<td>• Assistance is provided in Project evaluation, writing a business plan.</td>
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<td></td>
<td>• Providing funding</td>
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<td>• Getting government clearances\ Licenses</td>
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<td>• Providing operational assistance</td>
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<td>• Promoting products &amp; services</td>
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Table: No: 1
Financial Support from Banks for Entrepreneurship Development

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<th>Organization</th>
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| Oman Development Bank       | • Offers interest free loans to entrepreneurs with small investment.  
                              | • Providing finance to corporate, medium and small enterprises.   
                              | • Very nominal rate of 3% interest is charged per annum.          |
| Oman Arab Bank              | • Encourages employment through self employment.                 
                              | • Provides financial assistance for small and medium business.    
                              | • Offers innovative financial products.                           |
| Bank Muscat                 | • Provides loans upto RO 250,000/- to small and medium enterprises.  
                              | • Relationship managers provide the services required.            |
| Bank Sohar                  | • Project Finance is provided for SME’s.                         
                              | • Specialized relationship managers provide customized solutions. |
| National Bank of Oman       | • Provides easy access to loans for any kind of business          
                              |   finance requirements.                                           |

Table: No: 2

METHODOLOGY

The secondary data was collected from books; Research Journals, Reports from Ministry of Tourism, Ministry of Manpower etc., World tourism organization reports, world travel and tourism council reports, from Non-governmental organization websites, websites, newspapers, etc. Secondary data related to Tourism, Entrepreneurship and Tourism Entrepreneurship were analyzed for a period of 5 years from 2008 to 2012.

CONCLUSION

Tourism is playing a major role in socio-economic development in Asia and the Pacific. The Oman tourism-oriented economic development presents the largest opportunities for small businesses and entrepreneurs. In this scenario it is often necessary, to develop and implement policies that take advantage of the potential benefits of tourism in socio-economic development. In some cases, this is simply a matter of increasing awareness of tourism entrepreneurship so that it provides benefits to tourists and local communities can be “factored-in” at the planning stage, it may involve reducing leakages (or retaining tourist spending). In other cases, “positive action” may need to be taken to capture the benefits. Statistics show that more than 75% of the Omani nationals are younger than age 25 (Census 2010,). In fact, there is a significant potential for Small & Medium Enterprises (SMEs) to grow in terms of contribution to Omani Gross Domestic Product (GDP) and to be competitive at regional and international level (the Ministry of National Economy, 2010; the Ministry of Commerce and Industry, 2010).
Currently tourism accounts for 2.1 per cent of GDP, and it seems that Oman will surpass its goal to earn 3 per cent by 2020. It hopes to employ locals in 80 per cent of tourism jobs by that time. Entrepreneurial approach should be followed in tourism so that, it will benefit the local youths and budding entrepreneurs in an inclusive way. Businesses need to be developed to support the demands from the visiting tourists, be it in retail, real estate, or entertainment. The government realizes that foreign direct investment will play a large role in the development of the tourism infrastructure, making tourism the most attractive area for international entrepreneurs to find opportunities. This in turn will avoid the leakage which is caused by the multinational companies who operate in the tourism sector.

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