THE INFLUENCE OF SOCIO-DEMOGRAPHIC CHARACTERISTIC ON ENTREPRENEURAL INTENTION: AN EMPIRICAL STUDY IN SULTANATE OF OMAN

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ABSTRACT – The purpose of this study is to analyse whether the determining factors of the socio-demographic factors will affect the entrepreneur’s intention (EI) to people who want to start up new business. This study also aims to measure the type of relationship between each factor and its connection to EI. The data was analysed using SPSS program using the Pearson Chi-square analysis methods and GEM 2020. The result of this study showed that there is significant role between demographic factors such as age, gender, income, and education level. The result of this study can contribute to the benefit of studies in Oman and finding the latest method which can increase the number of firms and start up new business. In the absence of media, this study can also enhance the knowledge and create awareness of the importance of entrepreneurship and its capability to create the growth, income, and wealth and prosperity.

INTRODUCTION

Entrepreneurship has been identified as a vital contributor to long-term economic growth and development since it enhances market spending, knowledge transfers, employment, and innovation, in addition to creating jobs (Kruger & Steyn, 2020). The business enterprise is the production or extraction of considerable value (Sapuan, Wahab, Fauzi, & Omonov, 2021; Shaharudin, Fernando, Ahmed, & Shahudin, 2020; Sapuan, Wahab, Shollhin, & Sawaluddin, 2020). According to these definitions, a business can be viewed as a process of change, primarily containing risk beyond that is typically encountered while starting a business, and which may have qualities other than purely financial ones (Abushammala, Alabdullah, & Ahmed, 2015). There are more restricted definitions that describe business venture, which is as the limit and readiness to create, coordinate and deal with an undertaking alongside any of its risks to make a profit, or as the most common way of planning, dispatching, and maintaining another business, which is frequently like an independent company (Ahmed, Alabdullah, Shaharudin, & Putri, 2020). People who create these organizations are frequently referred to as business people. While the meaning of business is typically associated with the creation and operation of businesses, due to the high risks involved in launching a new venture, a significant number of new businesses are forced to close due to “lack of funding, poor business decisions, government agreements, a financial emergency, a lack of market interest, or a combination of all of these” (Mamari, Al Ghassani, & Ahmed, 2022; Gani, Al Rabhi, & Ahmed, 2021). In the field of financial matters, the term businessperson refers to a person who can translate inventions or breakthroughs into goods and services. In this meaning, business refers to activities including the formation of new businesses and organizations (Ahmed, Alabdullah, & Shaharudin, 2020; Alabdullah, 2019). As a result, people’s intents, for example in Oman, continue to be hampered by personal characteristics, extensive education, and socio-demographic factors (Al-kiyumi, Al-hattali, & Ahmed, 2021).

There are several demographic variables that can affect a business. Income is one of the demographic factors that have an impact on business (Alyaarubi, Alkindi, & Ahmed, 2021). The product of a corporation frequently appeals to specific income groups (Alabdullah, Ahmed, & Ahmed, 2021). People with lower income, for example, are more price sensitive, thus they may prefer to buy discounted items. Age is another influential demographic factor. Certain age groups are more likely to be interested in a company’s products and services. For example, younger people who are under the age of 35 are frequently the first consumer to buy high-tech items such as cell phones, electronic books, and video games. The education level also impacts the type of business that will be started. A higher level of education is correlated with higher household income, and this higher income drives many educated buyers’ purchasing choices. In addition, gender has an influence on entrepreneurial intentions. Different methods of behaviour between genders can have an impact on an individual’s skill ability. In fact, men are more entrepreneurial than women. Therefore, it is critical to consider how socioeconomic and societal factors influence entrepreneurial intent. However, there is a very little empirical study that analyzes the link between preceding factors. Despite the fact of the government’s activities which are primarily aimed at assisting people, it has implemented a few programs to help them progress. However, these only involve a few enterprises. In reality, much entrepreneurship literature focuses on identifying or investigating possibilities, resource availability, entrepreneurship education, or unique issues in entrepreneurship.
This study has a narrow understanding of the antecedent elements needed in evolving successful entrepreneurial intentions among educated people. In particular, only a small number is recognized how the hierarchical structure of antecedent elements, including attitudes, social factors, and psychology-combine affects the fostering of entrepreneurial intention (Mahfud, Triyono, Sudira, & Mulyani, 2020). Thus, the main objective of this study is to examine the relationship between socio-demographic factors (age, gender, education, and income level) and entrepreneurial intention. This study aims to confirm the relationship between factors of socio-demographic and societal value and how they can affect people's intention to start up a new business in Oman. This study is inspired to increase the number of entrepreneurs and knowledge. This study also plans to build self-confidence and ensure the profitability of the business and contribute to the country’s wealth and prosperity. Finally, this study tends to drive the message to the community on how the developed countries improve through making business. In the current situation, unemployed people are now becoming a burden on the economy, not only in developing countries but also in developed countries. This condition necessitates the upgrade of the concept of entrepreneurship which ensures making more people are self-employed (Pradana, Wardhana, Wijayangka, Kartawinata, & Wahyuddin, 2020).

LITERATURE REVIEW

Age

A series of recent studies have indicated that there is an influence between age and intention, and it was found that age positively relates to entrepreneurial intention. This finding confirms that a person’s entrepreneurial intent grows with age (Turulja, Agic, & Veselinovic, 2020; Schwarz et al. 2009). In addition, previous studies confirm that age is associated with a lower likelihood of having an entrepreneurial intention (Nguyen, 2018; Hatak et al. 2015). Some other research found that the number of youths starting new businesses is increasing due to unemployment (Turulja, Agic, & Veselinovic, 2020; Nazri et al., 2016). Therefore, many studies stated that the age of 25 and above is the most suitable age at which individuals can start their own business. Therefore, this study proposes a hypothesis as follows:

H1: There is a significant difference between age ranges in entrepreneurial intention.

Gender

Several studies found that the intention to become an entrepreneur is higher among males than females (Turulja, Agic, & Veselinovic, 2020; Indarti, Rostiani, & Nastiti, 2010). At the same time, Turulja et al. (2020) and Schwarz et al. (2009) also reported similar findings in which males are more inspired to be more active in owning a business compared to females. Nguyen (2018) and Crant (1996) have recognized that men are more prospective than women to have a definite intention or incline to start their own business. This situation has been discussed by a great number of authors in literature and they have indicated that men are strongly found to have higher entrepreneurial intention than women businesses (Fragsos, Rocha-Junior, & Xavier 2019; Marques, Santos, Galvão, Mascarenhas, & Justino 2018; Roy & Das, 2019; Perez-Quintana, Hormiga, Martori, & Madariaga 2017; Nikou, Brännback, Carsrud & Brush, 2019; Kakouris et al., 2018; Sitardis & Kitsos, 2017; and Kumar, Paray & Dwivedi, 2020). Furthermore, some authors claim that female entrepreneurial intention is significantly lower than male entrepreneurship intention (Contreras-Barraza, Espinosa-Cristia, Salazar-Sepulveda, & Vega-Muñoz, 2021; Langowitz & Minniti, 2007). Over time, extensive literature has developed on the same area of gender and entrepreneurship and some research proposes that women have lower self-efficacy and entrepreneurial intentions than men (Moa-Liberty, Tunde, & Tinuola, 2016; Bandura, 2002). Hence, this study proposes another hypothesis as follows:

H2: There is a relationship between gender and entrepreneurial intention.

Education

This section reviews the literature related to the influences of education level on entrepreneurial intention. A recent study by Nguyen (2018) concluded that it is possible to find that education can help a person discover new opportunities, but it does not mean that it can determine whether he or she will create a new business to exploit the opportunity. He suggested that there is no significant difference between education levels and entrepreneurial intention. In order to encourage business start-ups, the governments and policymakers should not only focus on entrepreneurship programs for highly educated people but also encourage and support any person who is capable and willing to start up his/her own business. In the light of the issue, Mahadea and Kaseeram (2018), and Chen and Thompson (2016) reported that it is conceivable that improving the quality of education level and training can create enhancement and make labour more employable to attract more people to become entrepreneurs. Therefore, this study proposes another hypothesis as follows:

H3: There is a significant difference in entrepreneurial intention according to educational levels.
Income level

This was successfully established as described by Setti (2017) that people who have great wealth or high-income levels tend to start a business more which is according to their standard of living. This has also been explored in prior studies by Bakar, Ahmad, Wright, and Skoko (2017) which have found that an individual with a higher income in Saudi Arabia represents a higher propensity for business startup. Furthermore, Soto-Simeone and Kautonen (2021) evaluated that most people who tend to start up their businesses would be among individuals who have secured their basic subsistence from pensions and savings as they can easily afford to begin an enterprising activity. Hence, this study proposes another hypothesis as follows:

\[ H4: \text{There is a relationship between income level and entrepreneurial intention.} \]

Research framework

The theoretical framework of this study provides the underlying structure in relation to the dependent variable (entrepreneurial intention), and the independent variables (socio-demographic). Logically, the theoretical framework is developed to describe the relationships among the identified variables through a thorough literature review. The research hypotheses are then developed to answer the study’s research questions. Figure 1 below presents the proposed research framework of this study.

![Research Framework](image)

Figure 1. Research Framework

METHODOLOGY

This study is a descriptive study that mainly uses statistical methods including descriptive additional information and details to obtain more accurate interpretations of some specific results. Additionally, it was followed by the quantitative approach where the quantitative data was collected through primary data. This study depended heavily on the Global Entrepreneurship Monitor (GEM) database that is collected by the national team for each country, and that is associated with certain academic institutions in the country. This database collects information about different aspects of entrepreneurship. An adult population survey (APS) is an instrument that is used by GEM on an individual level to test the attitude and behaviour of the population pertaining to an entrepreneurship activity. This survey on a representative sample of the adult population is conducted annually. The data used to test our hypotheses was derived from the Global Entrepreneurship Monitor (GEM) project database. GEM is an annual assessment of entrepreneurial activities at the country level.

Each year, Global Entrepreneurship Monitor (GEM) gathers data from at least 2,000 adults aged 18-64 years in each country, using a telephone survey. In this research, we use GEM individual data for Oman in the year 2020. The units of analysis for this research are individuals in Oman who are in the age between 18 and 64 years. Table 1 shows the measurement of the study variables.
Table 1. Measurement of Variables

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Continuous variable between 18 and 64</td>
</tr>
<tr>
<td>Gender</td>
<td>Dummy variable which equals 1 if male; equals 0 if female</td>
</tr>
<tr>
<td>Income</td>
<td>Categorical variable which equals 1 if the income 0 OMR - 600 OMR; equals 2 if income 601 OMR - 960 OMR; equals 3 if income 961 OMR - 1440 OMR; equals 4 if income 1441 OMR - 1920 OMR; equals 5 if income 1921 OMR - 2400 OMR; and equals 6 if income belongs to more than OMR 2401</td>
</tr>
<tr>
<td>Education</td>
<td>Categorical variable which equals 1 if the educational attainment is some secondary; equals 2 if secondary-school diploma obtained; equals 3 if postsecondary education; and equals 4 if graduate education</td>
</tr>
</tbody>
</table>

Dependent Variables

Entrepreneurial Intention

Respondents were asked whether they intend to start a business within three years (0 = no, 1 = yes)

RESULTS

Descriptive Statistics

Based on the findings of the descriptive statistics, we found that males (51.8%) have more intention to start a new business than females (48.2%). On the other side, it can be observed that the age between 25 and 34 is when most people have the intention to start an entrepreneurship. This is because people at this age are more qualified to build themselves and start their life.

Table 2. Descriptive Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Entrepreneurial Intention</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Gender = 871</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>451</td>
</tr>
<tr>
<td>Female</td>
<td>420</td>
</tr>
<tr>
<td>Age = 871</td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>231</td>
</tr>
<tr>
<td>25-34</td>
<td>323</td>
</tr>
<tr>
<td>35-44</td>
<td>205</td>
</tr>
<tr>
<td>45-54</td>
<td>84</td>
</tr>
<tr>
<td>55-64</td>
<td>28</td>
</tr>
<tr>
<td>Education = 866</td>
<td></td>
</tr>
<tr>
<td>NONE</td>
<td>60</td>
</tr>
<tr>
<td>SECONDARY DEGREE</td>
<td>395</td>
</tr>
<tr>
<td>POST SECONDARY</td>
<td>335</td>
</tr>
<tr>
<td>GRAD EXP</td>
<td>76</td>
</tr>
<tr>
<td>Income level = 494</td>
<td></td>
</tr>
<tr>
<td>0 OMR - 600 OMR</td>
<td>119</td>
</tr>
<tr>
<td>601 OMR - 960 OMR</td>
<td>74</td>
</tr>
<tr>
<td>961 OMR - 1440 OMR</td>
<td>98</td>
</tr>
<tr>
<td>1441 OMR - 1920 OMR</td>
<td>72</td>
</tr>
<tr>
<td>1921 OMR - 2400 OMR</td>
<td>60</td>
</tr>
<tr>
<td>More than OMR 2401</td>
<td>71</td>
</tr>
</tbody>
</table>

Hypothesis Testing

The following table shows the results from the hypothesis testing, and it was found that the hypothesis related to age was accepted and gender was rejected. The result revealed that there is a significant difference between age ranges in entrepreneurial intention, p<0.000, B=0.212. The study found that gender has a negative relationship with entrepreneurial intention which means that gender has no impact or effect on entrepreneurial intention, p<0.024, B=0.340. It was also found that the hypothesis related to education was accepted. This result indicates that education has a significant relationship with entrepreneurial intention, p<0.000, B=0.258. Moreover, it was found that the hypothesis related to
income level was accepted. This result indicates that income level has a significant impact on entrepreneurial intention, p<0.001, B=0.148.

<table>
<thead>
<tr>
<th>Table 2. Results of Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation of Demographic Factors with Entrepreneurial Intention</td>
</tr>
<tr>
<td>Age → Entrepreneurial Intention</td>
</tr>
<tr>
<td>Gender → Entrepreneurial Intention</td>
</tr>
<tr>
<td>Education → Entrepreneurial Intention</td>
</tr>
<tr>
<td>Income level → Entrepreneurial Intention</td>
</tr>
</tbody>
</table>

DISCUSSION

The result revealed that age was positively significant with regard to entrepreneurial intention. This study reveals that there is a positive significant difference between age and entrepreneur intention. This result is in line with the results from previous studies that found most people above the age of 25 are more inclined to start a business. Some other reasons refer to the self-confidence of people at that level of age which is higher than people who are over 65. These findings are consistent with the study done by Turulja, Agic, and Veselinovic (2020) which found that age positively affects entrepreneurial intention.

Gender was found to have no relationship with entrepreneurship which means that gender has no impact or effect on entrepreneurial intention. The result is in line with the previous studies which claimed that males are more than encouraged to operate or establish new businesses because of many reasons such as providing necessities to their family, increasing household income, and trying to increase wealth. In addition, men are more serious to create jobs against those responsibilities. Furthermore, it was revealed that age, education, and income level were positively significant with entrepreneurial intention. This study is consistent with the study done by Nguyen (2018) which stated that several scholars have recognized that men are more prospective than women to have a definite intention of starting their own businesses.

Educational level was found to have a significant impact on entrepreneurial intention. Although this study discovered that there is no significant difference between education levels and entrepreneurial intention, it is possible to see that education can help a person discover new opportunities, but it does not necessarily determine whether he or she will create a new business to exploit the opportunity. As result, we can find that most entrepreneurs in Oman did not have high education, but they succeed and created big business not only locally but also globally. This study was supported by Nguyen (2018) who concluded that it is possible to find that education can help a person discover new opportunities, but it does not mean that determine whether he or she will create a new business to exploit the opportunity, explaining that there is a possibility that there is no significant difference between education levels and entrepreneurial intention.

Income level has a significant impact on entrepreneurial intention. In regard to the fourth factor of this study, this study found that there is a positive insignificant relationship between income level and entrepreneurs’ relationship which means that people who are in wealth or high-income level are having more tendency to start a business which is according by their standard of living. In this case, it can be understood that if the country converts this study into reality, it will help to solve unemployment by increasing the budget of loans to attract more people to start new businesses. As a result, we can analyse that either high income or pushed loans will encourage people to start up new businesses. This study was close to the study done by Setti (2017) which found that people who earn more money have a higher tendency to start a business.

CONCLUSION

The purpose of this research is to examine the relationship between socio-demographic factors (age, gender, education, and income level) and entrepreneur intention in Oman. This research determined four independent variable/s that affect the entrepreneurial intention which are age, gender, education, and income level. The population of this research was adults in Oman whose data were obtained from a database based on the year 2020. The data were analysed using SPSS. This study reveals that there is a positive insignificant between age and entrepreneur intention. Also, this study found that there is a positive insignificant between gender and entrepreneurial intention. Moreover, this study stated that there is no significant difference between education levels and entrepreneurial intention. Finally, this study has confirmed that there is a relationship between income level and entrepreneurial intention.
RECOMMENDATION

This research focused on how demographic factors such as age, gender, education level, and income level, can contribute to affecting the Entrepreneurial Intention based on their own perceptions of risk and income expectation. To make it more effective, their risk-taking ability can be tested with real-time experiments. Also, this study has to measure the consistency of the business that may threaten the people from the business and find out what can encourage them more and keep them forward in their business. Furthermore, we have to focus on the gap among the sequences of circumstances like pandemics and insurance that can protect the entrepreneurs from loss. It is better to focus on all types of social media because their influences have a role in entrepreneurial intention.

REFERENCES


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