

Examining Challenging Factors of Tourism Entrepreneurship in Oman using PLS-SEM

Omar Ali Al Badi¹, Firdouse Rahman Khan²

¹ Student, Faculty of Business, Sohar University, Sohar, Sultanate of Oman

² Faculty of Business, Sohar University, Sohar, Sultanate of Oman

Email: ¹omar_albadi89@icloud.com, ²firdouse@yahoo.co.uk

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Abstract

Purpose: The objectives of the study were to critically examine the challenges faced by entrepreneurs in tourism business in establishing their businesses in Oman; to critically analyze whether the entrepreneurs in the tourism business are motivated to establish tourism business in Oman and to critically analyze the prospects for entrepreneurs to venture into the tourism sector in Oman.

Design/methodology/approach: The data was collected through a well-defined questionnaire through which 241 tourism entrepreneurs from Oman, including unemployed youth who were interested in tourism were selected, on a random sampling basis. Structural Equation Modelling through Smart PLS was used to analyze the data.

Findings: The results of the research show that the initial capital, working capital, and good location are the essential factors required to establish a tourism business in Oman. It was confirmed that the prevailing rules and regulations are strict and rigid to start a tourism business in Oman and it takes lots of time to start the operation of tourism businesses; seeking labor clearance procedure is NOT simple for tourism. Cultural values and physical working conditions do not encourage tourism-related businesses and non-preference of spouse from the tourism sector is another major constraint for Omanis in taking up tourism businesses.

Research implications: It was suggested that the Government should provide strategic support to the tourism-related entrepreneurs; the Government should provide financial guidance to encourage tourism entrepreneurs irrespective of their ages. Governmental licensing authorities and all licenses to set up tourism businesses need to be obtained in one place. The Government should invest in super-structure projects to enhance the scope of tourism. Training must be provided by the Government to enhance the tourism business in Oman.

Originality / Value: This is the study of its kind and no research was carried out ever before to study solely the challenges of tourism entrepreneurship in Oman.

Keywords: Tourism, Challenges, Tourism Entrepreneurship, Financial Constraints, Technological Support, Government Support, Procedures and Formalities.

Introduction

Entrepreneurship is the process of setting up new businesses in an innovative way. The term 'Tourism Entrepreneurship' was first used to refer those entrepreneurs who were involved in the process of venturing into tourism businesses in Oman (Khan & Krishnamurthy, 2016). It is a known fact that tourism is one of the rapidly growing industries around the globe. Oman is no exception to it. The Sultanate of Oman is one of the Gulf Cooperation Council (GCC) countries in the Middle East which has progressive and steady economic growth. It is an oil-based economy. Expecting the run out of its oil resources in less than 20 years, the Government of Oman has started to diversify its economy. Tourism is one of the sectors accelerating the economic growth of Oman which can effectively help Oman to attain its economic goal of diversification from the Oil & Gas (O&G) sector (AlMaimani & Johari, 2014). Due to the important role played by the tourism sector in the economic

growth of the country, the Government of Oman started paying more attention to the tourism sector and effective strategies for the sustainable development of the sector are in progress. The entrepreneurs in the field of tourism are highly encouraged. Oman is paying more attention to tourism entrepreneurship (Alani et al., 2017).

In 2013, 100,894,00 jobs were provided in the tourism industry, and globally it is estimated that to grow to 3.5% of total employment i.e. 126,257,000 jobs would be available by 2024 (Pandow & Omar, 2019) due to the increasing visitors to Oman from different parts of the world.

Entrepreneurship is a proactive approach that boosts up the performance and productivity of an organization. The role of the tourism industry is incredible in Oman as it is contributing more than 7% and is increasing over time (Sokhalingam et al., 2013). The economy of Oman is majorly dependent on oil-related products like other gulf countries but since last few decades Oman is shifting its economy towards non-renewable resources and in this tourism is expanding and stabilizing the economy of Oman as having beautiful scenes of nature and places as well (Sokhalingam et al., 2013).

Oman Tourism strategy has been made in alignment with Oman 2040 vision in which Oman will give more attention to the sector of tourism. The sultanate of Oman aims to generate about 535,000 jobs in Tourism Sector by 2040 ([THR Innovative Tourism Advisors, 2016](#)). Considering this, there is a dire need to shift the burden of the economy as the Oman tourism industry has great potential. However, there are many challenges faced by tourism entrepreneurship in Oman by the private sector also by the Government ([Atef & Al-Balushi, 2015](#)). The lack of cooperation between the government sector and the private sector is also one of the challenges.

Statement of the Problem

The key area of concern is the needs and expectations of the tourist due to the lack of strategic alignment. Another glaring challenge is that the media is not supporting tourism. The government also has to focus on the prices of hotels available in Oman. There is also a need for infrastructure in Oman to modern and attractive reformatting. Lack of commitment by the tour operator is also a challenge faced by tourism ([Khan & Krishnamurthy, 2016](#)). The contribution of income to GDP by the tourism sector has improved mobilizations of investment and development of local economies at present and expected to bring more employment by tourism SMEs in the future ([Aulia, 2016](#)). Though raising awareness among the investors and stakeholders is beneficial, for the sustainable development of tourism, the implementation of a clear strategy is required. The present status of the tourism sector is that the Omanis are facing different challenges as seen above. The infrastructure of Oman has needed to be reformed to gain the attraction of tourists (Sazegar et al., 2018).

Research Questions

Therefore, the following questions arise:

1. What are the challenges faced by entrepreneurs in the tourism business in establishing their businesses in Oman?
2. What are the factors motivating the entrepreneurs in the tourism business to establish a tourism business in Oman?

Based on the above, the following research objectives were defined:

Research Objectives

The Objectives were

1. To critically examine the challenges faced by entrepreneurs in the tourism business in establishing their businesses in Oman
2. To critically analyze whether the entrepreneurs in the tourism business are motivated to establish tourism business in Oman

Review of Literature

Reason for Starting up Tourism Business

Oman is critically considering tourism as the main sector for development as it started diversifying its economic resources from simply depending on the oil and gas industry by increasing visitors from all over the world ([AlMaimani & Johari, 2014](#)). Oman has the three Ss of tourism viz. Sun, Sea, and Scenery and therefore the country has great potential for tourism and it just needs the support of the private and

government sector that make it a beneficial industry to reduce the burden from the oil industry ([Henderson, 2015](#)). Oman has several spatial environments such as plains, mountains, deserts, oases, islands, and attractive coasts across the country, prospective features for the tourism industry ([Mansour, Al-Awhadi & Al-Hatrushi, 2020](#)). The diversification of Oman's Oman from an oil-based economy to tourism is expanding and having a good scope of stabilizing the economy of Oman (Al Abri, Abdel-Hady, & Al-Abaidani, 2016). National Tourism Development Agency, Oman is preserving the cultural integrity of Oman and is following sustainable development to increase its economy marinating the natural environment with less damage done by sustainable strategies of ecotourism ([Alrawadieh, Karayilan, & Cetin, 2019](#)). Tourism entrepreneurship in Oman is increasing due to the availability of multiple job opportunities and cultural variability in-country ([Sotiriadis & Apostolakis, 2015](#)). Further, the success of the entrepreneurs of Oman needs to focus on entrepreneurship education in relates to Oman Tourism and further emphasized that it should be started at the school level ([Al Harthi, 2017](#); [Alsawafi, 2016](#)). Omani nationals should be taught some foreign languages primarily English as they find it difficult to communicate with international tourists ([Al Mahrooqi, 2012](#)). Oman focuses on gender equality as well as women empowerment but social concerns that bind them from doing tourism-related businesses but of late women living in mountains and rural areas were inspired to move beyond their traditional values and willing to take up innovative businesses ([Ghouse, McElwee, Meaton, & Durrah, 2017](#)).

Government Support

The lack of cooperation between the Government sector and the private sector due to which there is no strategic alignment. The private sector should join with the Government in the improvement of the tourism industry in Oman by analyzing the constraints faced by entrepreneurs in the tourism sector ([Ali, Nusair, Alani, Khan, & Al Badi, 2017](#)). The private sector should join with the Government in the improvement of the tourism industry in Oman by analyzing the constraints faced by entrepreneurs in the tourism sector ([Atef & Al-Balushi, 2015](#)). Different challenging factors reducing the performance, productivity, and growth of the tourism industry in Oman and the government's role in reducing the negative impact on the tourism industry of Oman ([Yuksel, 2014](#)).

The challenges faced by the tourism industry in Oman could be reduced through the effective rules and regulations related to tourism by the Government of Oman ([Atef & Al-Balushi, 2015](#)).

Though non-discrimination of gender and physical working condition is good, tourism in Oman is discouraged by high risks of accidents in Oman, non-tourism spouse preferences, and traditional values of Oman and because of this, tourism-related entrepreneurial activities have been thwarted ([Khan & Krishnamurthy, 2016](#)).

Technological Support

Technological advancements have changed the way we travel, and these new developments promise an even more interactive and exciting experience and the Ministry of Tourism has been establishing the infrastructure for the tourism industry to leverage tourism in the local and international market ([Al Muqbali, 2006](#)). Social media, apps, blogs, etc. have an important role to play in the planning of a tour, thus tourism adapting business models and product offerings to attract this coveted target ([Vidal, 2019](#)). Internet applications through its developments have drastically changed the future projects into e-tourism and demonstrate critical influences on the tourism industry structure ([Buhalis & Law, 2008](#)). Applications and interaction of information and communications technologies (ICT) providing prospects to the tourism sector ([Frew, 2000](#)). The wearable devices have changed the behavior of tourists to very high extent cases in Tourism ([Atembe, 2015](#)). Advances in mobile technology creating innovative experiences for tourists, fostering a sustainable competitive advantage for tourism destinations and tourism-related suppliers, and creating sustainable smart tourism ([Kim & Kim, 2017](#)). Reform in the infrastructure of Oman using technological advancement is a must to gain the attraction of tourists ([Sazegar et al., 2018](#)). With the internet revolutionizing global tourism, technological changes enhance the roadmap to the tourism industry and its marketing ([Brdese, 2013](#)). Internet of Things, Big Data, Artificial Intelligence, Virtual Reality, and Augmented Reality can be applied to the tourism sector ([Ozturk, 2020](#)). Novel business models combined with state-of-the-art technology can play a crucial role in increasing tourism demand and also ensure sustainable growth to avoid the deteriorating effects on both the social and natural habitat ([Urbančič et al., 2020](#)).

Financial Constraints

The major challenge faced by the tourism sector in Oman is due to poor financial support and weak economic conditions ([Al Riyami, Scott, Ragab and Jafari, 2017](#)). A major constraint for a tourism establishment in Oman is project funding, and managing the tourism business ([Al Harthi, 2017](#)).

The Government should provide financial and strategic support to the tourism entrepreneurs to support the tourism industry which can generate new jobs and could uplift economic development ([Alani et al., 2017](#)). Omani youth who have innovative ideas need financial support as a successful tourism entrepreneur would be able to provide employment opportunities to many more ([Sokhalingam, Manimekalai, & Sudhahar, 2013](#)). Opportunities for income-generating activities should be offered to local people as a part of tourism development to win the local support but due to lack of initial investment, Omanis lack behind in the tourism sector ([Subramoniam, Al-Essai, Al-Marashadi & Al-Kindi, 2010](#)). Reluctance by financial institutions to lend money to rural entrepreneurs binds them from doing tourism-related businesses ([Ghouse, McElwee, Meaton, & Durrah, 2017](#)). The lack of sufficient and adequate financial support constitutes a serious barrier to budding entrepreneurs in tourism-related businesses ([Al Badi, Malik, & Gastli, 2009](#)).

Procedure and Formality difficulties

For the benefit of the growth of the tourism industry in Oman, the decision-making process in relates to the tourism sector needs lots of improvement at the local, regional and international levels with the support of the World Times organization ([Adewale, 2016](#)). The procedures and time lag is very high in the tourism industry ([Binoy, 2017](#)). The procedural formalities for the establishment of a new venture are cumbersome for a new entrepreneur in Oman and act as a major barrier ([Al Buraiki & Khan, 2018](#)). An entrepreneur who ventures into the business finds it very difficult to cope up with the official procedures as it is complicated and it needs to be simplified ([Al Hadhrami, 2006](#)). Visa policies and the rules and regulations, non-availability of trained tour guides, improper maintenance of hotels were the prime challenges ([Aulia, 2016](#); [Baporikar, 2017](#)).

Challenges faced by Omani Tourism Entrepreneurs

Human capital, support system, lack of technology, government policies, shortage of finance are the major challenges in the way of entrepreneurship in Oman ([Sotiriadis & Apostolakis, 2015](#)). Tourism is not considered as a respectable and a good choice for women in Oman and there is a decreased threshold of girls joining Tourism studies in Oman. Thus encourage girls to venture into tourism and empower women in training and tourism entrepreneurship ([Al Abri, Abdel-Hady, & Al-Abaidani, 2016](#); [Alsawafi, 2016](#)). Non-discrimination of gender, physical working conditions and promotional opportunities encourage people to venture into the tourism sector whereas high risks of accidents in Oman, non-tourism spouse preferences, and traditional values of Oman discouraged them ([Khan & Krishnamurthy, 2016](#)). The tourist guide profession is not considered as a prestigious profession in the society of Oman but ([Alani et al., 2017](#)) and suggested for implementing specialized courses by the government in relates to tourism. The tourism sector in Oman is suffering due to factors such as strict policies, financial performance, and lack of support from the government of Oman ([Stanković & Đukić, 2009](#)). Lack of commitment by the tour operator is also a challenge faced by tourism ([Saleh & Alalouch, 2015](#)). Ecotourism is considered to be an effective sustainability approach towards Oman economic development and less focus is on tourism ([Aulia, 2016](#)). Also, focus on the entrepreneurship education of tourism needed in Oman as schools do not put the focus on teaching students about tourism and it affects the economy ([Alrawadieh et al., 2019](#)).

Hypotheses

After going through the above review of literature, the present study considers factors such as Reasons for starting up tourism business, Procedure & Formality difficulties, Financial constraints, Technology factors, Government support factors and the Challenges faced by tourism entrepreneurs and therefore, the following hypotheses were framed:

1. Procedural formalities and financial constraints are the typical challenges faced by tourism entrepreneurs in Oman.
2. Entrepreneurs are motivated to establish a tourism business in Oman.

Research Methodology

The data was collected through a well-defined questionnaire through which 241 tourism entrepreneurs from Oman, including unemployed youth who were interested in tourism were selected, on a random sampling basis. Structural Equation Modelling through Smart PLS was used to analyze the data.

Findings

Table 1
Demographic details of the respondents

Characteristics		Frequency	%
Nationality	Omani	224	92.9
	Non-Omani	17	7.1
Gender	Male	78	32.4
	Female	163	67.6
Age	20 – 30 years	164	68
	30-40 years	58	24.1
	40-50 years	13	5.4
	50-60 years	5	2.1
	>60 years	1	0.4
Marital Status	20 - 30	164	68
	Single	153	63.5
	Married	85	35.3
College	Divorce/d	3	1.2
	Community College	30	46.9
	College of Business Administration	2	3.1
	College of Education	8	12.5
	College of Engineering	8	12.5
Qualification	College of Pharmacy	16	25.0
	Secondary Or Below	18	7.5
	Diploma	91	37.8
	Degree	123	51
Employment Status	Others	9	3.7
	Having a business	77	32
Governorate	Not having business	164	68
	Muscat	18	7.5
	Musandam	8	3.3
	Dhofar	10	4.1
	Ash Sharqiyah South	5	2.1
	Ash Sharqiyah North	18	7.5
	Al Wusta	3	1.2
	Al Buraimi	9	3.7
	Al Batinah South	20	8.3
	Al Batinah North	131	54.4
	Al Dhahirah	14	5.8
Al Dakhliyah	5	2.1	
Residing at	Sohar	69	28.6
	Shinas	4	1.7
	Saham	41	17
	Liwa	4	1.7
	Barka	11	4.6
	Muscat	5	2.1
	Ibri	6	2.5
	Suwaiq	17	7.1
	Nizwa	4	1.7
	Yanqul	7	2.9
	Al Khabourah	9	3.7
	Others	64	26.6

Source: Questionnaire

Table 2
Factors required to start a tourism business

#	Factors	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Total	K-S value
1	Initial Capital finance	110	27	21	10	11	11	190	0.1863
2	Working capital finance	32	66	15	5	5	8	131	0.1216
3	Training	2	12	26	23	5	6	74	0.0516
4	Workforce	4	15	6	15	13	7	60	0.0397
5	Good location	17	29	62	15	17	22	162	0.1179
6	Government support	4	21	21	36	21	21	124	0.0759
7	Experience in the line of business	11	23	18	21	16	22	111	0.0732
8	Education / Technical Qualification	9	9	8	23	9	15	73	0.0461
9	Family Support	10	4	11	13	17	28	83	0.0445
10	Professional Contacts in the line of business	6	11	14	27	16	22	96	0.0558
11	Financial Institution support / backup	7	5	12	8	18	16	66	0.0378
12	Recommendation from Big shots in the same line of business	5	0	6	6	10	14	41	0.0210
13	Self confidence	17	15	11	28	22	16	109	0.0722
14	Straight forwardness	4	8	8	51	24	95	95	0.0399
15	Religious consciousness	5	1	4	2	9	9	30	0.0166
	TOTAL	239	242	243	240	240	241	243	

So, based on the values obtained from the Kolmogorov-Smirnov test, 'Initial Capital' was ranked first (0.1863), 'working capital' was ranked second (0.1216); 'Good Location' was ranked third (0.1179); 'Government Support' was ranked fourth (0.0759); 'Experience in the line of business' was ranked fifth (0.0732) and 'Self-confidence' was ranked sixth (0.0722).

The details of the latent variables (factors) and apparent variables (sub-factors) are given in Table 3.

Table 3
Details of Latent variables and Apparent variables

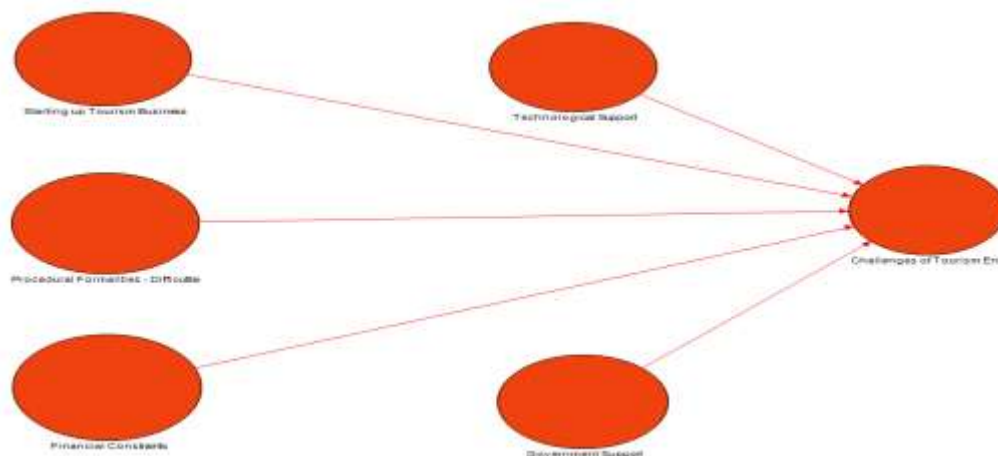
Factors (Latent variables)		Sub-factors (Apparent variables)
Reason for starting up a Tourism business	s1	Oman has a great scope to start a tourism-related business.
	s2	Starting a tourism-related business could help Oman's Economy
	s3	Oman has the three necessities for tourism - Sun, Sea, and Scene to justify the scope of tourism business
	s4	There are lots of chances to venture into the tourism business

	s5	Many tourists visiting Oman will help in the success of the tourism business
	s6	Oman has nice tourist places to visit throughout the year
	s7	Women entrepreneurs lack moral support towards a tourism start-ups
	s8	Women entrepreneurs do not get recognition/support from the society in starting a business related to tourism
	s9	Women entrepreneurs lack initial capital to start a tourism-related business
	s10	Women venturing in the tourism industry could help in improving the economy of the country
Procedures and Formality Difficulties	p1	Prevailing rules and regulations are strict and rigid to start a tourism business in Oman
	p2	It takes lots of time to start the operation of tourism-related business
	p3	The formalities set up by the municipality to start a tourism business is cumbersome
	p4	There is no inter-link between the Governmental licensing authorities
	p5	All licenses to set up a tourism business can be obtained in one place
	p6	Procedures for establishing the tourism business are easier
	p7	Seeking labor clearance procedures are simple and logical for tourism
	p8	Sufficient number of workers are sanctioned by the labor clearance authorities for tourism business to encourage tourism in Oman
Financial constraints	f1	Capital is a major concern in starting a tourism business
	f2	Costly hotels and restaurants discourage tourists from visiting Oman
	f3	Financial Institutions (FIs) insist for guarantees from the borrowers of tourism businesses
	f4	Financial assistance available from FIs to start a tourism business in Oman
	f5	It is easy to get a bank loan to start a tourism business in Oman
	f6	The loan amount provided by the FIs are sufficient to start a business
	f7	Bank loan installment amounts are within the repaying capacity
	f8	FIs take care of tourism businesses when they fail or become sick
Technological support factors	t1	The Press, Electronic media and Social media has not been giving enough coverage to promote Tourism in Oman.
	t2	Investors and stakeholders would be benefitted through tourism promotion made by the media
	t3	Specialized agencies are providing technical support to the tourism business
	t4	Information and Communication Technology (ICT) infrastructure in Sultanate is optimal for tourism business
	t5	Poor transportation facility is a big challenge in promoting tourism in Oman
	t6	Infrastructure in Oman needs modernization to attract tourists
	t7	Technology improvement helps to increase tourist satisfaction
	t8	Using technology in tourism business can increase their income
Government support factors	g1	The Government should build synergy between private and public sector to boost tourism business in Oman
	g2	The Government should provide strategic support to the tourism-related entrepreneurs
	g3	The Government should provide Capital/Loans for tourism entrepreneurs on easy terms & conditions
	g4	The Government should provide financial guidance to encourage tourism entrepreneurs irrespective of their age
	g5	Government-aided AL RAFD Fund helps tourism entrepreneurs from the feasibility study until the inception and functioning of the businesses.
	g6	Other loans (Bridge loan, working capital loan, etc.) can be obtained from AL RAFD to expand the tourism business
	g7	The Government should invest in super-structure projects to enhance the scope for tourism

	g8	Ministry of Tourism encourages/supports entrepreneurs to start a business in Oman
	g9	Training must be provided by the Government to enhance the tourism business in Oman
Challenges faced by Tourism entrepreneurs	c1	Lack of interest in tourism is a real challenge in the tourism business in Oman
	c2	Lack of commitment and ignorance harms the tourism business
	c3	Social factors such as age, level of education, population growth rate, etc. are making a negative impact on the tourism business
	c4	Financial factors such as initial capital, working capital affect the tourism business
	c5	Gender discrimination prevails in tourism-related businesses
	c6	Oman cultural values and physical working conditions do not encourage tourism-related businesses
	c7	The English language is a challenge as local Omanis find difficulty in speaking with international tourists
	c8	Spouse preferences from the non-tourism sector is a constraint for Omanis in taking up tourism businesses

The latent variables are also known as constructs that will be tested along with the apparent variables using the measurement model. The conceptual model is shown in Figure 1.

Figure 1
Conceptual Model



The structural model specifies the suppressed constructs. Tewari (2019) defined that measurement model, structural model, and structural regression equation – in the order are used to measure the quality of the model.

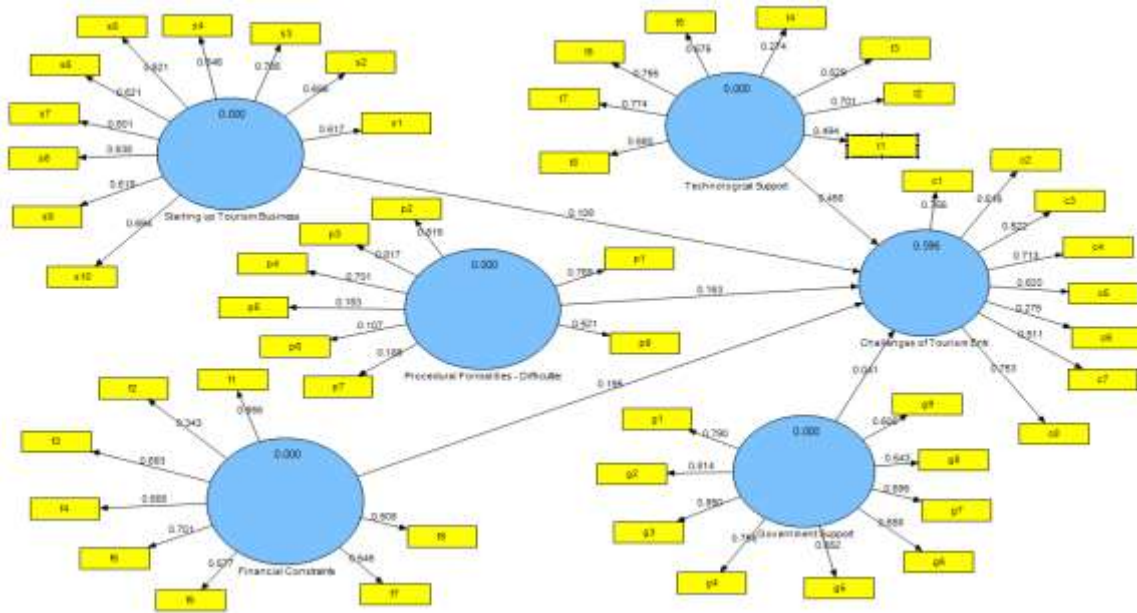
Findings

Measurement Model

Primarily the associations were displayed among the Starting up of Tourism Business factors, Government support factors, Technology support factors, Financial constraint factors, Procudeures and Formality – difficulty factors, and Challenges faced by Tourism Entrepreneurship factors. To test the reliability of the measurement model, discriminant and convergent were validated (Tenenhaus, Vinzi, Chatelin, & Lauro, 2005).

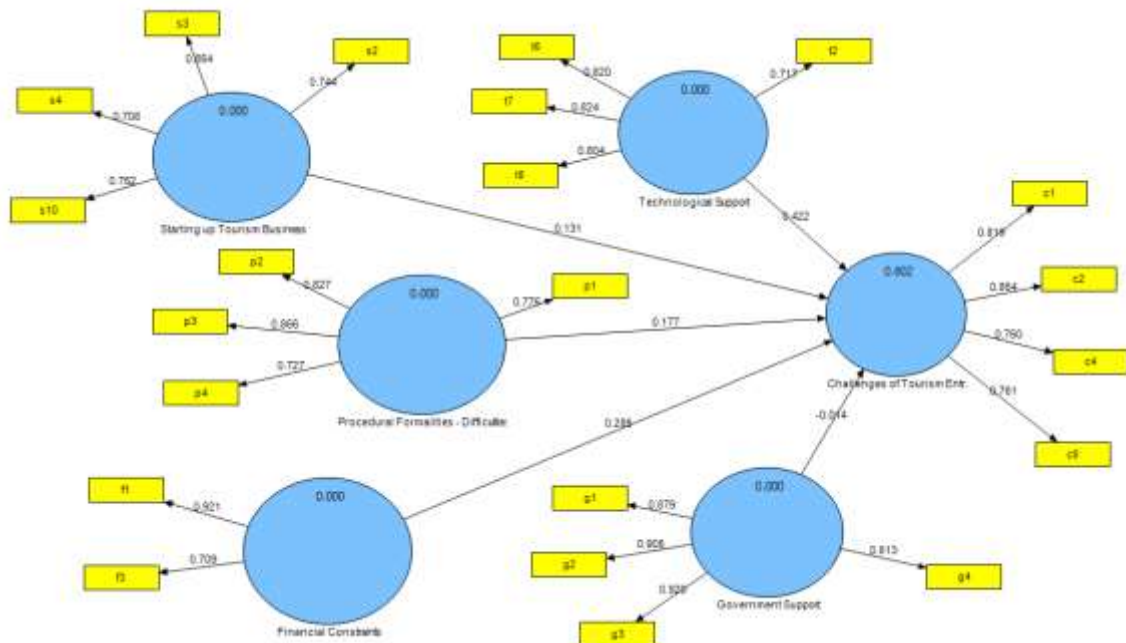
The coefficients and the values of loading were shown in Figure 2 through the obtained initial path model.

Figure 2
Initial Path Model



The reliability of the measurement model was validated by assessing the sub-factors reliability and the factor loadings. A minimum value of 0.45 can be considered preferable for loading of the sub-factors (Henderson, Sheetz, & Trinkle, 2012) but for our study, the sub-factors loading above 0.50 was considered (Comrey & Lee, 2013) and those sub-factors with lesser loadings were removed from the model and the resulting final path model is shown in Figure 3.

Figure 3
Final Path Model



Reliability

Construct reliability and inner consistency were adjudged using composite reliability as it is more appropriate compared to Cronbachs Alpha (Hulland, 1999). As per Hair, Sarstedt, Ringle, and Mena (2012), the least score for composite reliability should be 0.7 and as per Gefen, Straub, and Boudreau (2000), the minimum score for Cronbachs alpha should be 0.6. The factor loadings, composite reliability and Cronbachs alpha values obtained through PLS algorithms were shown in Table 4. As can be seen, Cronbachs alpha value was above 0.755 except Obsessive Passion qualities. It was also seen that the composite reliability score was

more than 0.799 except the score of the Obsessive Passion qualities which was close to 0.70. Therefore, the model can be considered trustworthy.

Table 4
Factor loading for indicators of latent constructs

	Factors and Sub-factors	Factor loading	Cronbachs alpha	Composite reliability	AVE
C	Challenges faced by Tourism entrepreneurs		0.814614	0.87819	0.64384
c1	Lack of interest in tourism is a real challenge in the tourism business in Oman	0.819208			
c2	Lack of commitment and ignorance harms the tourism business	0.86432			
c4	Financial factors such as initial capital, working capital affect the tourism business	0.760273			
c8	Spouse preferences from the non-tourism sector is a constraint for Omanis in taking up tourism businesses	0.761042			
F	Financial constraints		0.548618	0.80352	0.67528
f1	Capital is a major concern in starting a tourism business	0.9211			
f3	Financial Institutions (FIs) insist for guarantees from the borrowers of tourism businesses	0.70862			
G	Government Support factors		0.811245	0.8848	0.719797
g1	The Government should build synergy between private and public sector to boost tourism business in Oman	0.8794			
g2	The Government should provide strategic support to the tourism-related entrepreneurs	0.90542			
g3	The Government should provide Capital/Loans for tourism entrepreneurs on easy terms & conditions	0.92039			
g4	The Government should provide financial guidance to encourage tourism entrepreneurs irrespective of their age	0.81331			
P	Procedures and Formality - Difficulties		0.811468	0.87655	0.64066
p1	Prevailing rules and regulations are strict and rigid to start a tourism business in Oman	0.77501			
p2	It takes lots of time to start the operation of tourism-related business	0.82727			
p3	The formalities set up by the municipality to start a tourism business is cumbersome	0.86584			
p4	There is no inter-link between the Governmental licensing authorities	0.72661			
S	Starting Tourism Business		0.764838	0.85006	0.58754

s2	Starting a tourism-related business could help Oman's Economy	0.74391			
s3	Oman has the three necessities for tourism - Sun, Sea, and Scene to justify the scope of tourism business	0.85435			
s4	There are lots of chances to venture into the tourism business	0.70759			
s10	Women venturing in the tourism industry could help in improving the economy of the country	0.75244			
T	Technological Support factors		0.802642	0.87062	0.62789
t2	Investors and stakeholders would be benefitted through tourism promotion made by the media	0.71697			
t6	Infrastructure in Oman needs modernization to attract tourists	0.81984			
t7	Technology improvement helps to increase tourist satisfaction	0.82388			
t8	Using technology in tourism business can increase their income	0.80411			

Convergent Validity and Average Variance Extracted (AVE)

To assess convergent validity

- i) the outer loadings should be greater than or equal to 0.70 (Hair, Black, Babin, Anderson, & Tatham, 1998) and
- ii) AVE values for every latent variable should be more than 0.50 (Hulland, 1999). 0.4 is acceptable (Bagozzi & Yi, 1988) if composite reliability is more than 0.6 (Fornell & Larcker, 1981).

From Table.4 it can be seen that the average variance extracted ranged from 0.58754 to 0.719797, and thus the convergent validity is satisfactory.

Discriminant Validity

Discriminant validity is to ensure that a construct (latent variable) has the strongest relationships than any other construct in the PLS path model. The values of the AVE square root and constructs correlations in Table 5 shows that the constructs Discriminant validity is satisfactory.

Table 5

Discriminant Validity Results

	Client-related factors	Contractor related factors	Equipment-related factors	Labor-related factors	Material related factors	Project Completion Delay factors
Challenges of Tourism Entrepreneurs	1					
Financial constraints	0.573379	1				
Government support	0.504048	0.27653	1			
Procedural Formalities - Difficulties	0.554352	0.54303	0.409	1		
Starting up Tourism Business	0.527941	0.30968	0.66838	0.46829	1	
Technological support	0.660241	0.36758	0.66183	0.39476	0.55695	1

Structural Model Analysis

Through the path coefficient values, the relationship among the R-square value, independent variable, and dependent variable is tested. The values obtained through the bootstrapping test using PLS are shown in Table 6.

Table 6
Path coefficients along with their Bootstrap values and T-values

Factors	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Supported	Significance values
Financial constraints > Challenges of Tourism Entrepreneurs	0.285417	0.28604	0.06029	0.06029	4.7338	Yes	p < 0.05 1.96
Government support > Challenges of Tourism Entrepreneurs	-0.014052	-0.00378	0.07589	0.07589	0.18517	No	---
Procedural Formalities - Difficulties > Challenges of Tourism Entrepreneurs	0.17727	0.17161	0.07278	0.07278	2.43572	Yes	p < 0.05 1.96
Starting up Tourism Business > Challenges of Tourism Entrepreneurs	0.131105	0.13448	0.06728	0.06728	1.9486	No	---
Technological support > Challenges of Tourism Entrepreneurs	0.421628	0.41672	0.08096	0.08096	5.20759	No	p < 0.05 1.96

The relationship between the Financial constraints factors and the Challenges of Tourism Entrepreneurship factors was supported and significant as $\beta = 0.285417$ and t-value = 4.7338 (> 1.96) at the significance of p at 0.05 level, which indicated that the Challenges of Tourism Entrepreneurship was positively influenced by the Financial constraints.

The relationship between the Government support factors and the Challenges of Tourism Entrepreneurship factors was insignificant with $\beta = -0.0014052$ and t-value = 0.18517 (<1.96) which indicates that the Challenges of Tourism Entrepreneurship did not influence by Government support.

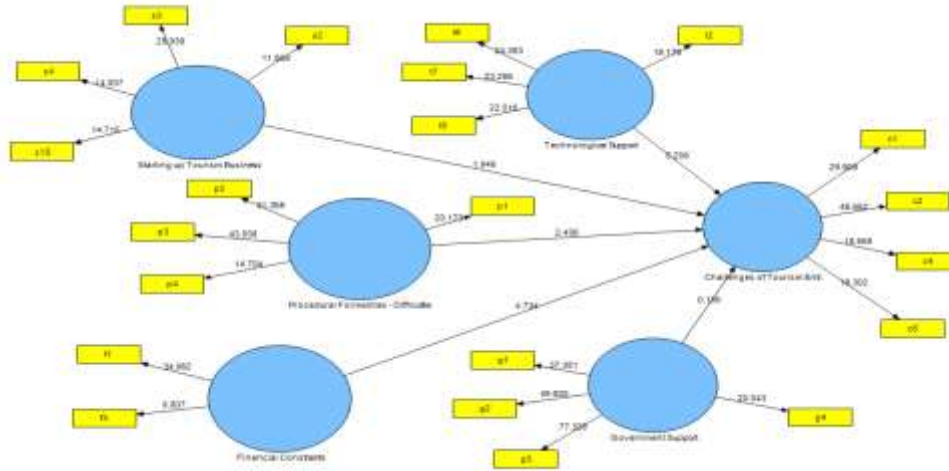
The relationship between the Procedural and Formality – Difficulties factors and Challenges of Tourism Entrepreneurship factors was supported and significant as $\beta = 0.17727$ and t-value = 2.43572 (>1.96) at the significance of p at 0.05 level, which indicated that the Challenges of Tourism Entrepreneurship was influenced directly and positively by Procedural and Formalities – Difficulties.

The relationship between the Starting up of Tourism Business factors and Challenges of Tourism Entrepreneurship factors was insignificant with $\beta = 0.131105$ and t-value = 1.9486 (<1.96) which indicates that the Challenges of Tourism Entrepreneurship did not influence by Starting up of Tourism Business.

The relationship between the Technological Support factors and Challenges of Tourism Entrepreneurship factors was significant with $\beta = 0.421628$ and t-value = 5.20759 (>1.96) which indicates that the Challenges of Tourism Entrepreneurship was influenced directly and positively by Technological Support.

In other words, the Challenges of Tourism Entrepreneurship was positively influenced by the Financial constraints, Procedural and Formality – Difficulties, and Technological Support, i.e. Hypothesis. 1 is proved positively.

Figure 4
 Bootstrapping Diagram



Assessment of Fit

Goodness-of-fit (GOF) is the overall model fit for PLSEM.

$$GOF = \sqrt{\text{average } R^2 \times \text{average communality}} = \sqrt{0.602431 \times 0.6584395} = 0.629813$$

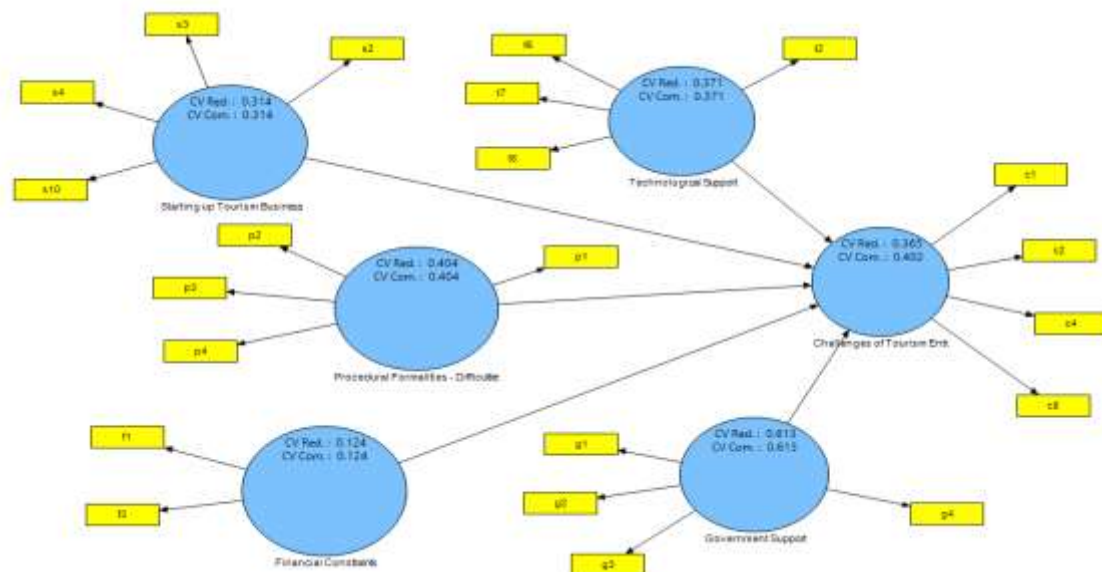
Table 7
 Model Evaluation Results

Factors	R ²	Communality	H ²	Redundancy	F ²
Challenges of Tourism Entrepreneurship	0.602431	0.64384	0.402	0.158465	0.365
Financial constraints		0.67528	0.124		0.124
Government support		0.77543	0.613		0.613
Procedural Formalities - Difficulties		0.64066	0.414		0.414
Starting up Tourism Business		0.58754	0.314		0.314
Technological Support		0.62789	0.371		0.371
	0.602431	0.6584395	0.373	0.158465	0.36683
GOF - $\sqrt{\text{average } R^2 \times \text{average communality}} = \sqrt{0.602431 \times 0.6584395} = 0.629813$					
Where H ² is CV-communality index and F ² is CV-redundancy index					

In PLS, structural model and hypothesis were tested by computing path coefficients β as PLS does not require a normally distributed data, it is evaluated with R² calculation for dependent latent variables (Huang, Wang, Wu, & Wang, 2013) and the Average Variance Extracted (Cohen, West, & Aiken, 2014). R² measures a construct’s percent variation that is explained by the model (Wixom & Watson, 2001). A value greater than

zero means the model has predictive significance, whereas value lesser than 0 mean that the model lacks predictive significance as presented in Figure 5.

Figure 5
Blind Folding Path Diagram



Discussion

Initial Setup

Most of the respondents (78%) believe that Oman has the high potential to set up a tourism business and tourism-related business could help Oman’s economy towards diversification. It is also observed that women who lack moral support, are also interested to venture into the tourism industry as they are motivated to establish tourism business in Oman. Hypothesis No.2 proved positively.

Challenges of Tourism Entrepreneurship was positively influenced by the Financial constraints, Procedural and Formality – Difficulties, and Technological Support whereas it is not influenced by Government support and Starting up factors.

Financial constraints

Most of the respondents stated that the initial capital was the major concern for starting a tourism business and they confirmed that the financial institutions (FIs) insist on guarantees from the borrowers for tourism businesses.

Procedural and Formality - Difficulties

Most of the respondents agreed that the prevailing rules and regulations are strict and rigid to start a tourism business in Oman and the formalities set up by the municipality to start a tourism business is cumbersome. They claimed that it took lots of time to start the operation of a tourism-related business and there is no inter-link between the Governmental licensing authorities

Technological Support

Most of the respondents agreed that technological support helps to increase tourist satisfaction and thereby the income of tourism businesses. They claimed that the infrastructure in Oman needs modernization to attract tourists, and the investors and stakeholders in Tourism would be benefitted through media promotion.

Challenges faced

Lack of interest in tourism is a real challenge in the tourism business in Oman and the lack of commitment and ignorance harms the tourism business. Spouse preferences from the non-tourism sector is a constraint for Omanis in taking up tourism businesses. Besides all, financial factors such as initial capital, working capital affect the tourism business a lot.

Conclusion

It can be seen from the above that the respondents confirmed Initial Capital and Working capital and Good Location are the primary essential factors required by them to establish a tourism business in Oman. They confirmed that Oman has a great scope to start a tourism-related business and starting a tourism-related

business could help Oman's Economy. As Oman has the three necessities for tourism - Sun, Sea, and Scene to justify the scope of tourism business they claim that there are lots of chances to venture into the tourism business. As Oman has nice tourist places to visit throughout the year, the Investors and stakeholders would be benefitted through tourism. However, costly hotels and restaurants discourage tourists from visiting Oman and the poor transportation facility is a big challenge in promoting tourism in Oman. The Government should provide strategic support to tourism entrepreneurs and the Government should provide Capital/Loans for tourism entrepreneurs.

In general, the respondents confirmed that the prevailing rules and regulations are strict and rigid to start a tourism business in Oman and it takes a lot of time to start the operation of tourism-related businesses; the formalities set up by the municipality to start tourism business is cumbersome; seeking labor clearance procedure is NOT simple for tourism. Further, the labor clearance authorities will not sanction a sufficient number of workers for the tourism business.

Social factors such as age, level of education, population growth rate, etc. are making a negative impact on the tourism business. Further, Gender discrimination also prevails in tourism-related businesses. Besides, Oman's cultural values and physical working conditions do not encourage tourism-related businesses. The English language is another challenge as local Omanis find difficulty in speaking with international tourists. Besides all, gender discrimination prevails in tourism businesses. Women entrepreneurs lack moral support towards tourism start-ups as they do not get recognition/support from the society in starting a business related to tourism. Women entrepreneurs in tourism also lack initial capital to start a business in tourism. Last but not the least, non-preference of Spouse from the tourism sector is another major constraint for Omanis in taking up businesses in the tourism sector.

Suggestions

Based on the above, the following suggestions are made:

1. Using technology in tourism business can increase the income
2. Technology improvement will enhance tourist satisfaction, and investors and stakeholders in tourism would be benefitted through the media.
3. There is no inter-link between the Governmental licensing authorities and all licenses to set up tourism business need to be obtained in one place.
4. The Government should provide strategic support to tourism-related entrepreneurs.
5. The Government should provide financial guidance to encourage tourism entrepreneurs irrespective of their ages.
6. The Government should invest in super-structure projects to enhance the scope of tourism.
7. Training must be provided by the Government to enhance the tourism business in Oman.

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