

Global Challenges for Business and Entrepreneurship: Case of Oman

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ABSTRACT

Globalization has created various challenges among businesses and entrepreneurs. For many years, businesses have been facing challenges, such as increased competition, financial issues, and other operational challenges. Accordingly, businesses and entrepreneurs must adopt new strategies to address these emerging global challenges to remain competitive in the industry where they belong. Hence, it is also essential for entrepreneurs to employ strategic decision-making to achieve success within a business environment that is facing multiple global challenges. The goal of this study is to explore the current global challenges being faced by businesses and entrepreneurs, especially in the case of Oman. Some of the identified challenges for businesses and entrepreneurship includes keeping up with the current trends in business, global market competition, economic issues, information and communication technology (ICT) challenges, the current global health crisis, and other business-related issues. The variations of the global challenges must be understood properly by businesses and entrepreneurs to ensure business competitiveness, despite the risk of unwanted business outcomes brought by these challenges. With the emergence of these challenges, business owners or entrepreneurs will also have the chance to develop their strategic decision-making and even develop new strategies that will help the business survive.

Keywords: Globalization, Global Business Challenges, Entrepreneurship Challenges

INTRODUCTION

Keeping up with what is trending means that entrepreneurs are more than just aware of the new factors that can influence business operations and profitability. One of the identified global challenges of businesses and entrepreneurs is how they can implement programs, initiatives, and strategies that will keep the business up with the current trends. As entrepreneurs have already realized, the current pandemic had influenced every niche and even soared the competition between businesses across the different industries. Thus, this pandemic left many businesses and entrepreneurs to rethink their current business strategies and to find new means to generate revenue. There has been a swift transformation that occurred for the last two years, which also brought prosperity to entrepreneurs who are open for business changes just to keep up with what is new and what is on demand. Relatively, entrepreneurship and business operations in Oman are also facing this type of challenge, which prompted business owners to rethink and transform their current business approach.

Keeping Up with Industry Trends

To remain competitive and relevant with the current business trends, many businesses operators and entrepreneurs in Oman have adopted the idea of online business or E-commerce, since this is one of the emerging business trends in many parts of the world. However, adopting the E-commerce ideology and approach also creates some challenges among businesses in Oman. According to the study conducted by Muthuraman (2019), Oman is currently on a moderate advancement when it comes to E-commerce because various challenges, such as online security issues, lack of technical skills, and other essential e-business factors. Furthermore, many businesses owners in Oman fail to acquire enough ideas about the knowledge market or the factors that make something part of the emerging trend. For instance, an entrepreneur should have the idea that a significant number of consumers are looking for an upgraded version of a certain product. However, the case is somehow different among young entrepreneurs in Oman, as they are more responsive to new trends and economic opportunities (Muthuraman & Al Hazi, 2019). Therefore, entrepreneurs and business owners need to conduct an analysis of current market trends and develop new strategies to match the customers' needs and wants.

Keeping up with the current trend does not only mean that the businesses understand customer preferences. This approach also involves knowing the current trends that other businesses use, such as increasing social media presence, providing customers with easier access to after-sales services, using the Internet for marketing purposes, and many others. In Oman, businesses have the opportunity to use social media to promote their products and services. However, many of these enterprises face difficulties with social media marketing due to various reasons, such as lack of financial and human resources, and the lack of formal social media strategy (Herhold, 2018). In addition, using social media for business is quite different from personal social media use, which makes building a community of followers more challenging for businesses. Hence, entrepreneurs are often focused on business operations but lack enough knowledge on tracking the results of digital marketing initiatives.

Challenges in Market Competition

Every business owner aims to deliver quality products and customer service to keep their existing customers, and to achieve business growth. That is why it is essential for entrepreneurs to monitor competitors, by checking on the quality of their products and services, as well as the competitors' current strategies and customer reviews. The information gathered from this action would also provide an idea of how other businesses retain customers. However, there are times when businesses and entrepreneurs experience challenges when it comes to retaining their competitive advantage. Currently, competition can be viewed through global dimensions (Gamage, 2019). The culture of competition makes it more challenging for business owners, as competition culture leads to achieving better human capital in business (Al Abri et al., 2018). Hence, businesses that are aiming to compete in the global market are also likely to face challenges against big brands that have already established their names in the industry. Competition is indeed a significant challenge that is facing businesses and entrepreneurs in Oman and in other countries (Alqassabi, 2020). Therefore, in terms of market competition, businesses would have to find new ways to increase their competitive advantage by offering the global market better products at a much lower price. However, the challenge also lies in the fact that competing against the bigger brand names would require a careful analysis of the current market and applying the best strategy to become competitive in the global market.

On the other hand, the issue regarding market competition also affects the small and medium enterprises that operate domestically. Since there is heavy competition among big brands, local businesses are also affected by the global competition. Therefore, localized businesses must use their competitive advantage on a domestic level by appealing to the needs of the local consumers, since they have the edge of understanding what local consumers' needs. In the case of businesses in Oman, several underlying issues have also been identified that can reduce the abilities of entrepreneurs to remain competitive in the market. According to the study conducted by Ramachandran and Al Yahmadi (2019), local SMEs in Oman are facing challenges that can affect their ability to perform well in the industry, such as the need for improved basic business knowledge, lack of market information and knowledge, the need for adequate finance, limited expertise and experience, and reluctant to use modern technology. These underlying issues can significantly affect the businesses competitiveness of enterprises in Oman, which therefore requires Omani entrepreneurs to develop new approaches that can address these problems. Otherwise, the challenges in the market competition will compromise business revenue.

Information and Communication Technology (ICT)

Many businesses and entrepreneurs in Oman are focused on developing new strategies to become more globalized, as many of their competitors are aiming to become globalized. With this initiative, the role of ICT in businesses and entrepreneurship has become a major factor to achieve business growth and stability. Hence, ICT enabled a significant acceleration among businesses by investing heavily in new technologies that can support faster and more efficient business operations. Furthermore, small and big businesses in Oman have also realized the essence of ICT and invested in good IT systems. Hence, SMEs in Oman can fully utilize their resources through the help of an efficient IT system, which can positively affect the business cost (Gamage, 2019). However, SMEs must apply better strategies in adopting ICT for business by recognizing the significance of technology-based change (Eze & Chinedu-Eze, 2018). In addition, the efficient utilization of ICT in businesses can also increase entrepreneurs' skills to compete in a knowledge-based economy, wherein the production of services and products are based on knowledge-intensive activities. For instance, businesses that are competitive in a knowledge-based economy can provide technical support, conduct research, and even consulting, to further boost business growth.

Study reveals that despite the significant investments made by big companies in Oman, small and medium enterprises are still facing technology-based challenges. With this issue, many businesses and entrepreneurs in Oman are still falling behind when it comes to using the available technologies as opportunities for business growth. As stated by Al Bulushi and Bagum (2017), many SMEs in Oman lack enough resources to support increasing customer demand. Hence, this problem has been influenced by businesses' failure to adopt new forms of technologies. Not being able to adopt the technological advancements in business also create another issue among employees. For instance, not investing in technology for business will also limit the skills of the employees and the entrepreneurs themselves, as they are not exposed to these emerging technologies. As a result, the whole business will not be able to compete with other firms that are already using efficient IT systems in their business operations. Therefore, the business itself will also fail to take advantage of the benefits brought by ICT for business. Managing the adoption of technology for businesses can be a challenge for many operators. As stated by Montealegre and Cascio (2017), technical constraints among employees is based on

how technology is being managed and not the technology itself. Then again, businesses and entrepreneurs in Oman have the potential to address this global challenge relating to ICT, as many of these businesses have the financial capacity to invest in new technology for business.

Concerning the ICT-related challenges faced by businesses in Oman, the adoption of digitalization also serves as another challenge among entrepreneurs. Hence, digitalization is viewed as relevant in every business that aims to grow, especially in today's business environment. The recent and ongoing global health crisis had compressed years of digital transformation processes among businesses in a few months. Although this is a good transformation for many companies, many businesses across different nations failed to cope with this transformation. On the other hand, many of these businesses, especially the smaller ones did not have the right knowledge to adopt digitalization in their business. The reason why many businesses are facing the challenge with digitalization adoption is that the process is complicated and time-consuming. Many entrepreneurs do not have enough knowledge about how digitalization can provide value for their customers using the Internet. Thus, the process requires activities that will ensure the business's brand presence in the digital environment. Entrepreneurs need to learn how they can adjust the current strategies with their marketing approaches, and even learn which form of digital transformation will meet their customers' needs. Digitalization is not just focused on customer-related factors. The implementation of digitalization must also cover how the initiative can create benefits when it comes to improved business processes. Part of the ICT challenges faced by businesses and entrepreneurs is knowing how it can improve the overall business process. Furthermore, even the business owners in Oman are struggling to acquire simple IT solutions for their companies. There are multiple opportunities for entrepreneurs to transform their business toward becoming E-business, which will attract and retain customers. Relatively, business owners in Oman are also struggling with IT adoption because of the failure to organize and prepare for such structure and even fail to create internal changes that will require personnel training and migration to automated business processes.

Establishing and Expanding Customer Base

If there will be common challenges that businesses are facing in different parts of the world, it would be the challenge of establishing and expanding the customer base. A customer base is defined as the business's loyal customers who constantly engage with the company. Simply put, customers who consistently patronize products are the customer base of the company. Establishing a customer base is relatively challenging for many businesses. Customers can also be viewed as complex systems that must be optimized and calibrated by applying the correct strategy (Haenlein, 2017). It requires multiple approaches to inform potential customers about what the business can offer them. Hence, it is similarly challenging for businesses and entrepreneurs to retain their customer base and expand them, as customer preference may also change in the future. These are common issues, but quite challenging to address, especially when the business owner himself lacks essential skills needed for customer retention. Omani businesses are not exempted from these issues, as many of them are struggling to find customers, especially when the nation was also affected by the recent health crisis.

There is a correlation between establishing and expanding customer base, and ensuring the quality of products and services to achieve the former. As mentioned by Jalagat et al. (2017), the quality of service has a direct link to customer satisfaction and retention. This idea is evident

among businesses that are focused on services, such as restaurants, hotels, and other related businesses. However, this is just part of the strategies that will address the challenges concerning the establishment and expansion of the customer base. The problem lies in the fact that many businesses are unable to establish their brand names due to their unbalanced focus between branding and service provision. In the case of businesses and entrepreneurship in Oman, many businesses are also finding it hard to find customers, despite having an established business. A good example is the catering business in Oman that struggles to establish a customer base because of the lack of potential customers and demands (Steiner, 2019). Thus, the same problem is also being experienced by other businesses in the different industries within the country.

Businesses that fail to find customers will not just find it challenging to establish a customer base, but they will also face future business challenges because they might also fail to expand their customer base. Hence, finding new customers can be relatively more expensive compared to retaining the existing ones (Ranabhat, 2018). Therefore, businesses must figure out which customer segment they are targeting and use that information to develop strategies that will appeal to the needs of the customers. Using the same example of the catering service in Oman, the operator should take note of the customer demographics and transform the catering business to fit the customer demand. For instance, the operator can focus on wedding events and other special occasions that will require the services of the catering business. In that way, the business will be able to establish its customer base and potentially expand it in the future.

The Current Pandemic

There is no doubt that the current health crisis has brought multiple business challenges on a global scale. Although it is a health concern, the COVID-19 pandemic is predicted to have lasting business effects in the future to come. According to a recent study, this pandemic will create a long-term financial impact among businesses across different countries (Horowitz et al., 2021). Hence, the economic fall out of the pandemic that reduces the financial status of consumers will continue in the future, which will affect various businesses. In fact, this current pandemic is a reminder that crises will continue to happen in the future (Donthu & Gustafsson, 2020). The effects of this pandemic have been realized, especially for businesses that heavily rely on foot traffic, such as street-level retail businesses, department stores, and restaurants. Foot traffic is the term used in businesses that rely on customers who enter the business establishment. Hence, fewer foot traffic would mean less revenue for businesses. This current health crisis had already created a severe impact across all aspects of business development in the Sultanate of Oman.

In many countries, including the developed and developing ones, the level of consumer spending was on a steady decline (Sultan Qaboos University, 2021). There was a significant and unprecedented disruption to societies and economies when the health crisis was declared as pandemic by the WHO (Liu et al., 2020). There has also been a major disruption in people's travel, which affected Oman's tourism industry. This means that various businesses that rely on tourism were affected and still trying to cope with the business challenges brought by the pandemic-related disruptions. These businesses include the food and beverage industry, hospitality industry, car rentals, and tour companies. Business owners and entrepreneurs, including their employees, are facing the adverse effects of the COVID-19 crisis, which prompted others to shift or change their businesses temporarily. Businesses that remained

with the original business model are now facing financial struggles. Furthermore, other business operators are constantly challenged by the need for new business strategies that will keep the business running. However, the question remains, about how small businesses can keep up with the ongoing financial crisis faced by the firm if there is not enough revenue being generated. Looking at the impact of the pandemic on businesses in Oman and other nations, it is certain that the magnitude of the problem caused major disruption on major businesses. Hence, the challenges have severely affected smaller businesses, especially the ones that have smaller capital. Indeed, this global challenge will require multiple approaches that will address the global effects of the pandemic, as well as localized strategies that will help save smaller businesses in Oman.

Conclusion and Recommendations

Business and entrepreneurship are facing various challenges that must be addressed to ensure business stability and potential growth. The global issues also challenge the abilities of entrepreneurs and business owners in making a proper business decision and even require their ability to develop new strategies that will strengthen the business. The identified challenges are not just exclusive for Omani businesses and SMEs. Many businesses operators from different parts of the world are also facing these issues. The issue about keeping up with the industry trend is significant because it can affect the way the business is being conducted, based on the proven actions being done by competitors. Businesses that fail to keep up with the trend will likely face unwanted outcomes, such as failure to provide for the customer's needs. Relatively, this failure will also reduce the competitiveness of the business, which is another global business challenge. It was stated that enterprises must look for new ways that will increase their competitive advantage, especially since there is heavy competition coming from bigger companies and brand names. Part of the strategy should also involve addressing the challenges regarding the adoption of ICT or IT systems. It is recommended that businesses must consider investing in new technologies that will enable the business in adopting digitalization and automated business processes. However, the challenges remain among the Omani business operators because of the lack of technical skills and consideration to adopt the technology. If these concerns will be addressed, another issue will be resolved, which is regarding the establishment and expansion of the customer base. To address this challenge, entrepreneurs need to have a deeper understanding of their customer segment and ensure that the business model fits the demographic target.

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