

## **THE ROLE OF THE ENTREPRENEURIAL ENVIRONMENT, RESOURCE ACCESS, AND GOVERNMENT SUPPORT UNDER OMAN VISION 2040 IN INNOVATION STRATEGIES AND ENTREPRENEURIAL SUSTAINABILITY – SMES' PERSPECTIVES**

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### **Abstract**

*This study examines how innovation strategies contribute to entrepreneurial sustainability among small and medium enterprises (SMEs) in Oman within the policy context of Oman Vision 2040. The study is grounded in the view that SME sustainability is influenced not only by internal innovation capabilities but also by external factors such as access to resources, the entrepreneurial environment, and government support. SMEs in promoting economic diversification, employment generation, and private sector development in Oman. A qualitative research design was adopted, using semi-structured interviews with SME owners, founders, and managers from different sectors. The data were analyzed through thematic analysis, open coding, and interpretive pattern matching to explore the study variables' relationship. The findings indicate that innovation strategies such as product innovation, service improvement, digital transformation, and business model adaptation play a significant role in strengthening entrepreneurial sustainability. Access to resources, including finance, knowledge, skills, technology, and business networks, emerged as an essential enabler of SME continuity and growth. The entrepreneurial environment was also found to have a strong positive influence and to mediate the relationship between innovation strategies and sustainability. In addition, government support through funding, training, licensing facilitation, and development programs was perceived as a major contributor to SME sustainability, although its effectiveness depends on accessibility and implementation quality. The study concludes that entrepreneurial sustainability in Oman is shaped by the interaction of innovation, resources, institutional conditions, and public support, offering practical implications for policymakers, support agencies, and SME practitioners.*

**Keywords: Innovation Strategies, SME Sustainability, Resources, Government Support.**

### **Introduction**

In the Gulf of Oman's vision 2040 aims to strengthen the strategic importance of the private sector, which has increased significantly under Oman Vision 2040. The nation's goals are to strengthen the private sector, foster innovation, and reduce dependence on hydrocarbons. Recent policy and institutional developments have sought to improve entrepreneurial readiness, facilitate access to finance, strengthen market integration, and promote innovation-oriented enterprise development. Badriya Hilal Said Al Bulushi(2017) says in her study that SMEs in the Sultanate of Oman play a prominent and clear role in the economy and try to develop and grow. These companies are of great importance as they help in obtaining various job opportunities and getting rid of the problem of unemployment. The government has a prominent role in this, as it trains entrepreneurs and gives them opportunities to perform various experiments, which hone their skills and knowledge. Despite these advances, many SMEs in Oman continue to face persistent barriers in sustaining innovation, scaling operations, and maintaining resilience in competitive and uncertain business environments.

Recent studies suggest that entrepreneurial sustainability depends not only on internal firm capabilities but also on supportive ecosystem conditions, effective institutions, and access to strategic resources.

Innovation strategies emerging in product innovation, process innovation, digital transformation, and market innovation can help firms improve adaptability, efficiency, market reach, and long-term competitiveness. However, the strength of these effects may vary depending on contextual conditions such as the entrepreneurial environment, access to financial and non-financial resources, and the effectiveness of government support mechanisms. In Oman, empirical studies examining these interconnected relationships remain limited. Therefore, this study develops a conceptual and empirical framework based on a qualitative approach to examine how innovation strategies contribute to entrepreneurial sustainability among SMEs in Oman.

## Review of Literature on Small and Medium Enterprises

**Table 1: Small and Medium Enterprises in Oman as per SME.gov.om**

S.No	Enterprises Categories	No of SMEs
1.	Micro	107,963
2.	Small	18,297
3.	Medium	1,043
	Total	127,303

Source: SME.gov.om

The table reflects the structure of Oman's business landscape. A high number of micro enterprises indicates that entrepreneurship in Oman is largely driven by small-scale business initiatives, which contribute significantly to employment generation, income creation, and regional economic development. To increase the number of startups, the government authorities initiate and provide awareness on policy support and access to finance, capacity building, and innovation-oriented strategies to help micro enterprises scale up and sustain long-term growth. Thus, these figures emphasize the importance of targeted government support and ecosystem development under Oman Vision 2040 to strengthen SME sustainability and competitiveness.

## Review of Literature on Innovation Strategies and Entrepreneurial Sustainability

A recent study by Damiano and Valenza (2024) emphasizes that innovation strategies are central to SME competitiveness and long-term sustainability. They argue that sustainability-oriented strategic and process changes can strengthen SME resilience, particularly in uncertain and resource-constrained environments. Additionally, Troise, Santoro, Jones, and Bresciani (2024) show that the adoption of sustainable business models in SMEs depends on both internal and external enabling factors, including technology, institutions, and stakeholder pressures. The Journal of Management by Cambridge University studies suggest that innovation strategies extend beyond growth orientation and function as adaptive mechanisms that support sustainability and resilience.

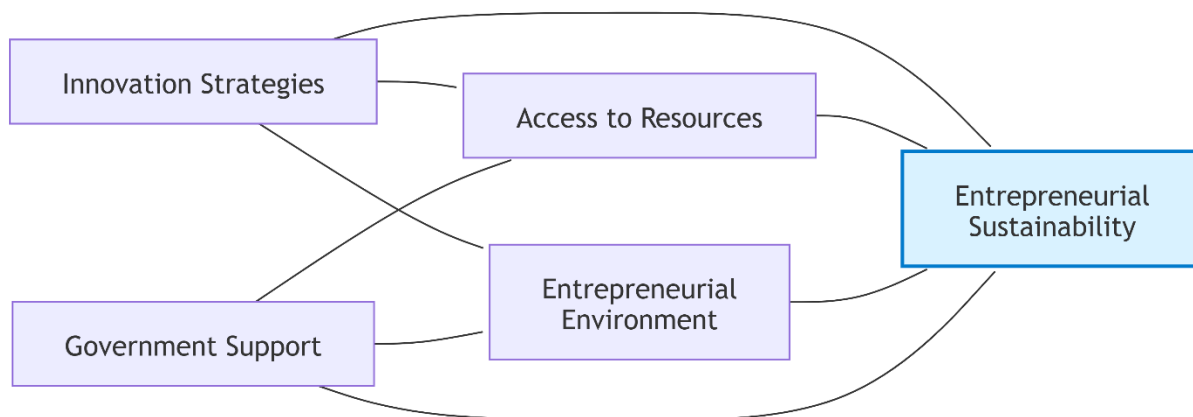
Entrepreneurial sustainability is widely discussed as the capacity of ventures to maintain continuity, resilience, competitiveness, and value creation over time. Damiano and Valenza (2024) highlight that the relationship between sustainability-oriented strategies and resilience is increasingly important in SME research, particularly as firms face growing environmental, institutional, and market pressures. In addition, Katoa, Chiloane-Tsoka, and Mugambe (2024) find that access to sustainable finance, supportive policy frameworks, and government engagement contribute to the long-term sustainability of SMEs. Together, these studies indicate that entrepreneurial sustainability is shaped not only by firm-level strategies but also by broader financial and policy environments.

The entrepreneurship ecosystem perspective provides an important framework for understanding how external conditions influence SME success. Stam, Bosma, Iacob, and colleagues (2024), in their mapping of entrepreneurship ecosystem scholarship, show that ecosystem research increasingly connects entrepreneurial activity with institutional and contextual supports. Similarly, Jan et al (2025) demonstrate that entrepreneurial ecosystem elements such as entrepreneurship education, culture, social support, and government support have significant effects on business sustainability performance, especially when combined with sustainable digital innovation. From the perspective of the resource-based view, SME performance depends on access to and deployment of valuable resources such as finance, knowledge, technological capability, and human capital. Civelek (2024) shows that innovation and technological capabilities are closely linked with SME financial performance and sustainability practices, although the effectiveness of these resources may depend on complementary support such as financing and training. These findings reinforce that internal resources are crucial, but their contribution is strengthened by external support and institutional conditions. Correspondingly, Ofori-Baafi et al (2025) identify labour workforce, Digi-tech, and organizational resources as major resource-based drivers of SME growth and competitiveness.

### Review of Literature on Government support to SMEs

Government support remains a critical factor in SME development and sustainability, particularly in emerging economies. Amoako & Boso (2024) show that government support policies can positively influence entrepreneurial orientation among SMEs. In a broader development context, the World Bank (2026) highlights that SMEs are constrained by persistent financing gaps, and that improved access to finance is essential for innovation, growth, and job creation. In Oman specifically, the International Monetary Fund (2025) notes that SMEs are playing vital role in economic diversification under Oman Vision 2040, but still face bottlenecks related to finance, business costs, and integration into value chains. These sources collectively suggest that government intervention through finance, training, regulation, and ecosystem development is essential for SME sustainability in Oman and comparable emerging economies. In the Omani context, earlier studies also underline the importance of SMEs for employment generation and economic development. Al Bulushiet al (2017) discuss enhancing innovative strategies, issues, and challenges faced by SMEs in Oman, emphasizing the importance of institutional support, finance, and managerial capabilities. More recently, policy-oriented reports from Oman Vision 2040. The International Monetary Fund (2025) reaffirms that SME development is central to the country's diversification strategy and private-sector-led growth model.

### Conceptual framework



## **The Framework depicts the direct and indirect relationship between variables**

### **1. Direct Relationship**

- Innovation Strategies → Entrepreneurial Sustainability

### **2. Indirect (Mediated) Relationships**

- Innovation Strategies → Access to Resources → Sustainability
- Innovation Strategies → Entrepreneurial Environment → Sustainability

### **3. Government Support (Dual Role)**

- Direct: Government Support → Sustainability
- Indirect:
  - Government Support → Access to Resources → Sustainability
  - Government Support → Entrepreneurial Environment → Sustainability

The framework assumes that SMEs pursue stronger innovation strategies to achieve higher levels of sustainability through improved adaptability, competitiveness, resilience, and market expansion. Innovation strategies directly influence entrepreneurial sustainability and shape access to resources and perceptions of the entrepreneurial environment; access to resources and the entrepreneurial environment, in turn, influence entrepreneurial sustainability; and government support enhances entrepreneurial sustainability both directly and indirectly through ecosystem- and resource-related pathways.

## **Methodology**

This study adopts a qualitative research design to test the proposed conceptual framework. The target population comprises SME owners, founders, and managers operating in Oman across sectors such as services, trade, manufacturing, logistics, and technology. The qualitative analysis methods, thematic findings, and interpretive conclusions are aligned to each hypothesis. The respondents participated in semi-structured interviews with experience-based insights regarding innovation, resources, government support, entrepreneurial environment, and sustainability. The next step is to categorize the interview questions analysed by using Thematic analysis to label persistent outlines and themes related to each hypothesis. The content analysis used open coding to classify responses into meaningful categories and connect them according to the study variables.

The narrative interpretation explains how and why these factors influence entrepreneurial sustainability in the Omani SME context. The qualitative research mediation hypothesis: researchers can use pattern matching or process tracing rather than statistical mediation tests, showing whether the entrepreneurial environment acts as an intervening condition between innovation strategies and sustainability.

However, the qualitative findings indicate that innovation strategies, access to resources, entrepreneurial environment, and government support are all perceived by SME owners and managers as important contributors to entrepreneurial sustainability in Oman. Additionally, the entrepreneurial environment appears to play a mediating role by shaping how effectively innovation strategies contribute to sustainability.

## **Research Objectives**

Hypothesis 1 (H1): Innovation strategies have a positive and significant effect on entrepreneurial sustainability among SMEs in Oman.

Hypothesis 2 (H2): Access to resources has a positive and significant effect on entrepreneurial sustainability among SMEs in Oman.

Hypothesis 3(H3): Entrepreneurial environment has a positive and significant effect on entrepreneurial sustainability among SMEs in Oman.

Hypothesis 4 (H4): Government support has a positive and significant effect on entrepreneurial sustainability among SMEs in Oman.

Hypothesis 5 (H5): Entrepreneurial environment mediates the relationship between innovation strategies and entrepreneurial sustainability.

## **Results Analysis**

### **H1. Innovation strategies have a positive and significant effect on entrepreneurial sustainability among SMEs in Oman.**

SME owners and managers responses indicate that innovation strategies such as introducing new products, adopting digital tools and transformation, improving service delivery, and modifying business models greatly help SMEs remain competitive and resilient. Participants frequently described innovation as essential for survival, customer retention, and long-term growth.

The qualitative findings significantly support that innovation strategies have a positive and significant effect on entrepreneurial sustainability among SMEs in Oman. The evidence suggests that innovation strategies strengthen entrepreneurial sustainability by enabling SMEs to adapt to market changes, improve efficiency, and create value. In the Omani SME context, innovation appears to be a practical sustainability driver rather than merely a strategic option.

### **H2. Access To Resources Has A Positive And Significant Effect On Entrepreneurial Sustainability Among Smes In Oman**

SME owners and managers emphasized that access to financial resources, skilled labor, technology, business networks, and training opportunities plays a central role in sustaining their enterprises. There is also a note that resource limitations restrict expansion, innovation, and continuity.

The evidence indicates that Access to resources has a positive and significant effect on entrepreneurial sustainability among SMEs in Oman and is viewed as a foundational condition for entrepreneurial sustainability. SMEs with better access to capital, knowledge, and operational resources are more likely to survive and grow, while limited access creates barriers to long-term sustainability.

### **H3. Entrepreneurial Environment Has A Positive And Significant Effect On Entrepreneurial Sustainability Among Smes In Oman.**

SME owners and managers reported that the surrounding entrepreneurial environment, including market opportunities, institutional support, networking culture, business infrastructure, and social attitudes toward entrepreneurship, significantly influences business sustainability. A supportive environment was linked to confidence, opportunity recognition, and business continuity. The respondents' opinions revealed that the entrepreneurial environment has a positive and significant effect on entrepreneurial sustainability among SMEs in Oman. A favorable entrepreneurial environment enhances sustainability by creating conditions that help SMEs operate effectively and respond to challenges. The qualitative data suggest that sustainability is not only driven by internal capabilities but also by the ecosystem in which SMEs function.

### **H4. Government Support Has A Positive And Significant Effect On Entrepreneurial Sustainability Among Smes In Oman.**

SME owners and managers' responses referred to the importance of government initiatives such as funding schemes, training programs, policy incentives, licensing support, and SME development

programs. There is also a challenge faced by SMEs regarding concerns about administrative complexity, access difficulties, or uneven implementation.

The government themes supporting SMEs have a positive and significant effect on entrepreneurial sustainability among SMEs in Oman. This indicates that government support contributes positively to entrepreneurial sustainability. At the same time, the respondents' interviews reveal that the effectiveness of support depends on accessibility, consistency, and relevance to SME needs. Thus, government support is influential, but its practical impact may vary across businesses.

**H5. Entrepreneurial environment mediates the relationship between innovation strategies and entrepreneurial sustainability**

SME owners and managers suggest that innovation strategies are more effective when supported by a favorable entrepreneurial environment. Innovative SMEs are better able to sustain themselves when market conditions, institutional backing, and networking opportunities encourage experimentation and growth. In less supportive environments, innovation efforts may not fully translate into sustainable outcomes.

The respondents' qualitative inputs says on the Entrepreneurial environment mediates the relationship between innovation strategies and entrepreneurial sustainability by showing that the entrepreneurial environment acts as an intervening or enabling factor between innovation strategies and sustainability. In other words, innovation alone may not guarantee sustainability; its effect is strengthened when the external entrepreneurial environment is supportive. This reflects a qualitative mediation pattern, where context shapes the effectiveness of innovation strategies.

**Table 2: The Study Results Were Categorised As Follows**

Hypothesis	Method	Findings	Interpretation
H1: Innovation strategies have a positive effect on entrepreneurial sustainability among SMEs in Oman.	Semi-structured interviews; thematic analysis; coding of responses from SME owners and managers.	Respondents reported that innovation in products, services, business models, and digital practices helped SMEs remain competitive, adaptive, and resilient.	The findings support H1, indicating that innovation strategies contribute to entrepreneurial sustainability by improving adaptability, efficiency, and long-term business continuity.
H2: Access to resources has a positive effect on entrepreneurial sustainability among SMEs in Oman.	Semi-structured interviews; thematic analysis; content coding of views on finance, technology, skills, and networks.	Respondents emphasized that access to financial capital, skilled employees, technology, training, and business networks is essential for sustaining operations and growth.	The findings support H2, suggesting that access to resources is a key enabler of SME sustainability, while resource constraints limit innovation and continuity.
H3: Entrepreneurial environment has a positive effect on entrepreneurial sustainability among	Semi-structured interviews; thematic analysis; interpretive categorization of environmental	Respondents noted that market opportunities, institutional support, infrastructure, and social acceptance of	The findings support H3, showing that a supportive entrepreneurial environment strengthens SME sustainability by

SMEs in Oman.	influences.	entrepreneurship strongly influence business survival and development.	creating favorable external conditions for business success.
H4: Government support has a positive effect on entrepreneurial sustainability among SMEs in Oman.	Semi-structured interviews; thematic analysis; coding of participant experiences with public support mechanisms.	SME owners and managers highlighted the usefulness of funding, training, licensing facilitation, and development initiatives, although some mentioned implementation challenges.	The findings generally support H4, indicating that government support contributes positively to sustainability, especially when programs are accessible, relevant, and effectively implemented.
H5: Entrepreneurial environment mediates the relationship between innovation strategies and entrepreneurial sustainability.	Semi-structured interviews; thematic analysis; pattern matching and process-based interpretation.	SME owners and managers suggested that innovation produces stronger sustainability outcomes when supported by favorable environmental conditions such as networks, institutions, and market readiness.	The findings support H5, indicating that the entrepreneurial environment acts as an intervening condition that strengthens the influence of innovation strategies on entrepreneurial sustainability.

## Conclusions and Recommendations

### Conclusion

The innovation strategies will positively and significantly influence entrepreneurial sustainability, confirming the long-term SME resilience and performance by using innovation-driven concepts. It is also anticipated that access to resources and the entrepreneurial environment will emerge as important explanatory mechanisms that help translate innovation into sustainable outcomes. Government support is expected to show both direct and indirect effects, particularly by improving firms' ability to access finance, knowledge, institutional backing, and market opportunities.

This study emphasizes that Oman Vision 2040 extends the policy to create an enabling institutional environment for entrepreneurial sustainability. The results may also offer important implications for policymakers and SME support agencies regarding the design of funding programs, capacity-building initiatives, and ecosystem development interventions.

This study integrates the understanding of entrepreneurial sustainability among SMEs in Oman by linking innovation strategies with the entrepreneurial environment, access to resources, and government support. The study responds to a significant contextual gap in the literature by offering a theoretically grounded model tailored to Oman's economic diversification agenda. By testing the proposed hypotheses empirically, the study can make a meaningful contribution to entrepreneurship and sustainability scholarship while also informing policy and SME development practice in Oman.

### Recommendations

Based on the hypotheses, the study recommends that Oman SMEs enhance entrepreneurial sustainability To Strengthen Innovation Capabilities, SMEs should actively invest in product, service, and digital innovation to remain competitive and resilient. This can be supported through continuous improvement

in business models and adoption of digital technologies, encouraging a culture of creativity and experimentation.

SMEs can improve Access to critical resources from stakeholders, including policymakers and institutions, to ensure SMEs have access to financial capital through flexible funding schemes and micro-finance programs; skilled human resources via training and talent development initiatives; technological infrastructure to enable innovation and operational efficiency; and Strong business networks to facilitate collaboration and knowledge sharing.

SMEs may foster a Supportive Entrepreneurial Environment by conducive entrepreneurial ecosystem should be strengthened by Enhancing market access opportunities for SMEs, improving institutional and infrastructural support, promoting social acceptance of entrepreneurship to encourage new ventures, and building stronger industry–academia linkages for innovation transfer SMEs to enhance the effectiveness of Government Support Programs, which is beneficial; its impact can be maximized by ensuring ease of access and transparency in support schemes, tailoring programs to meet the specific needs of SMEs, improving implementation efficiency and reducing bureaucratic challenges, and expanding awareness of available initiatives among entrepreneurs.

SMEs Integrate Environmental Support with Innovation Strategies by mediating the role of the entrepreneurial environment, such as policymakers aligning innovation policies with ecosystem development. Innovation initiatives should be supported by networks, infrastructure, and institutional backing. SMEs should leverage environmental opportunities to strengthen innovation outcomes.

### **Future Research To Support Smes And Innovation Strategies**

1. To support SMEs to extend and deepen the understanding of entrepreneurial sustainability in Oman, the following areas are recommended for future research
2. Research may focus on specific sectors (e.g., tourism, manufacturing, ICT) to examine how innovation strategies and sustainability drivers differ across industries in Oman.
3. Long-term studies are needed to assess how innovation strategies and environmental factors influence SME sustainability over time, rather than at a single point.
4. Comparative research between the Different regions within Oman and other GCC countries can provide insights into contextual variations in entrepreneurial ecosystems.
5. The importance of digital innovation: future studies could explore the impact of emerging technologies on AI, fintech, etc and digital readiness and its influence on sustainability outcomes
6. The effectiveness of specific government programs and the gap between policy design and implementation from the SME perspective.
7. In addition, Entrepreneurial mindset and leadership capabilities on Organizational culture and Risk management and resilience strategies.

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