



Innovations and Sustainable Entrepreneurship: The Last Five Years Case of Oman

Dr. Maria Teresa Matriano

Assistant Professor, Department of Management Studies
Middle East College, Al Rusayl, Muscat, Oman

Abstract

The Sultanate of Oman is working on its vision to transform the business sector across the whole Sultanate. Innovative ideas, increased use of technology, and even the enhancement of business operators' skills and knowledge are just some of the identified factors that will help the nation increase its sustainable entrepreneurship development. The engagement of Omani entrepreneurs with different sustainable practices has been one of the core foundations of achieving sustainability. Hence, these practices were not only focused on profitability, as the sustainability efforts for the past five years were also focused on increasing the positive effects of the business on key stakeholders and the environment. The study reveals that there were various issues and challenges brought upon by the recent pandemic, as well as the need for better knowledge and skills of some entrepreneurs that served as barriers to success. However, the past five years also show that Omani entrepreneurs took advantage of the opportunity to increase their capabilities and to improve the skills of their workforce to their own advantage toward achieving innovative and sustainable entrepreneurship

Keywords: Entrepreneurship Growth in Oman, Oman Innovation, Oman Entrepreneurship, Sustainable Entrepreneurship

Introduction

It is the goal of entrepreneurs to ensure that their businesses thrive, despite the numerous changes in the economy, technology, and the business environment. On the other hand, the needs of consumers are also changing, in which businesses must learn how to adopt changes to address these needs. Innovation and sustainability are two concepts that help entrepreneurs survive the business competition as these concepts integrate new ideas with the business while ensuring its sustainability. By definition, a sustainable business is an enterprise that, which exerts efforts to reduce the business's negative impact on society and the environment. In the last five years, Omani entrepreneurs have been engaged in different sustainable entrepreneurship practices. On the other hand, the Omani government was continuously pushing for the transformation of the whole nation based on its Oman 2040 vision, which includes the expansion and further development of innovative ideas and applying them to the current business environment in the country. In addition, customers' needs and demands keep on changing, which means that Omani entrepreneurs must be able to cope with these changes but should remain focused on sustainable business practices.

The idea surrounding innovative and sustainable entrepreneurship is focused on creating positive effects on the enterprise's stakeholders, the nation's economy, and the environment. There were different ways that the Omani entrepreneurs had committed themselves to contribute to sustainable development in the country, such as utilizing 'green innovation' or new ways to conduct environmentally-friendly business. However, there were different issues and challenges in the past five years of sustainable entrepreneurship in Oman, such as the financial and business constraints brought by the recent pandemic, as well as the need for better skills and knowledge of both the entrepreneurs and their employees. Still, many entrepreneurs were able to cope with these challenges and even excelled in their social entrepreneurship. As a result, business operators' sustainable entrepreneurship strategies led to positive economic effects for the whole Sultanate. Entrepreneurship development in Oman did not happen overnight. For the past five years, entrepreneurs have been able to establish a link between innovative ideas and sustainable entrepreneurship. As the Omani entrepreneurs and workforce's skills and knowledge improve, the abilities of business operators to establish sustainable enterprises have also become more evident across the whole Sultanate.

Current Practice of Sustainable Entrepreneurship

Different business sectors in Oman are aligning themselves with the Sultanate's objective, specifically the nation's 2040 vision. Part of the vision is to expand the business's green economy contribution by adopting sustainable practices, such as the utilization of renewable energy sources and the improvement of human rights within their business practice. However, doing so requires entrepreneurs to increase their funding for renewable energy utilization. On the other hand, sustainable entrepreneurship is also possible through the help of innovation or new business ideas. The current practice of sustainable entrepreneurship in Oman shows that Omani entrepreneurs are striving to develop new ideas to meet the needs of the customers and to keep up with the business trends. Muthuraman et al. (2020) said that one of the key features of sustainable entrepreneurship in Oman is the goal to create innovations and new values that will transform the whole business toward achieving sustainable development.

The concept surrounding sustainable development through innovation emphasizes the essence of continuous improvement in the way business is conducted. By adding new processes and ideas, enterprises in Oman can become more sustainable since the overall goal of sustainable development is to look for the optimal interaction between humans, the environment, the economy, and the current technological systems. In the case of Oman, the Sultanate's current status of its sustainable development shows various opportunities for improved collaboration between entrepreneurship and sustainable development (Muthuraman et al., 2020). As the economy of Oman is moving toward becoming more industrialized and globalized, entrepreneurs are expected to adopt the ideas of innovative and sustainable business practices.

In adopting sustainable and innovative entrepreneurship, SMEs in Oman are also enhancing their approach to corporate social responsibility or CSR. Hence, part of the current practice is to maintain and improve sustainable entrepreneurship in the Sultanate by identifying and solving the potential barriers to conducting sustainable entrepreneurship (Hmedat & Ali, 2019). In addition, innovation is being used by Omani entrepreneurs to enhance their enterprise's CSR. Thus, innovative ideas can help satisfy stakeholders' needs and go beyond their expectations. As explained by Al Yahyaei et al. (2020), innovation, once applied efficiently to business, will improve the overall performance of the enterprise. Relatively, the current sustainable entrepreneurship practice in the Sultanate of Oman is aligned with the government's national

agenda, in which the value of providing knowledge and tools for social entrepreneurship has been viewed as paramount (Muthurman et al., 2020). For instance, enterprises in the Sultanate use innovative ideas that help transform the environment in which their businesses operate.

Creating positive impacts or reducing the unwanted effects of business on the environment is just one of the key ideas behind innovative and sustainable entrepreneurship. For many years, environmentalists have collaborated with business owners to promote what was called green entrepreneurship. This terminology is an entrepreneurship subset that focuses on the creation and implementation of solutions to current environmental issues, as well as promoting social change for the benefit of the environment itself. In the case of Oman, green SMEs were able to achieve positive environmental effects on the Sultanate's sustainable development.

Currently, there are various initiatives that help Omani entrepreneurs to shift to renewable energy sources, which will increase their sustainable business efforts. For instance, Oman's Authority for Public Services Regulation or APSR launched its program in 2020 called the Saheem Residential and Yaseer, which opened up new opportunities for entrepreneurs to capitalize on solar solutions (Al-Abduwani, 2020). Adopting sustainable entrepreneurship approaches will also help address the increasing energy consumption, not only in Oman but across the GCC region. Hence, data shows that energy consumption across the region has been on an increasing trend, as shown in Figure 1. The current practice of sustainable entrepreneurship in Oman, especially the shift to the renewable energy source of SMEs, will help reduce the need for fossil fuel, which is known to harm the environment. Thus, Figure 2 shows the Sultanate's energy consumption from the last five years.

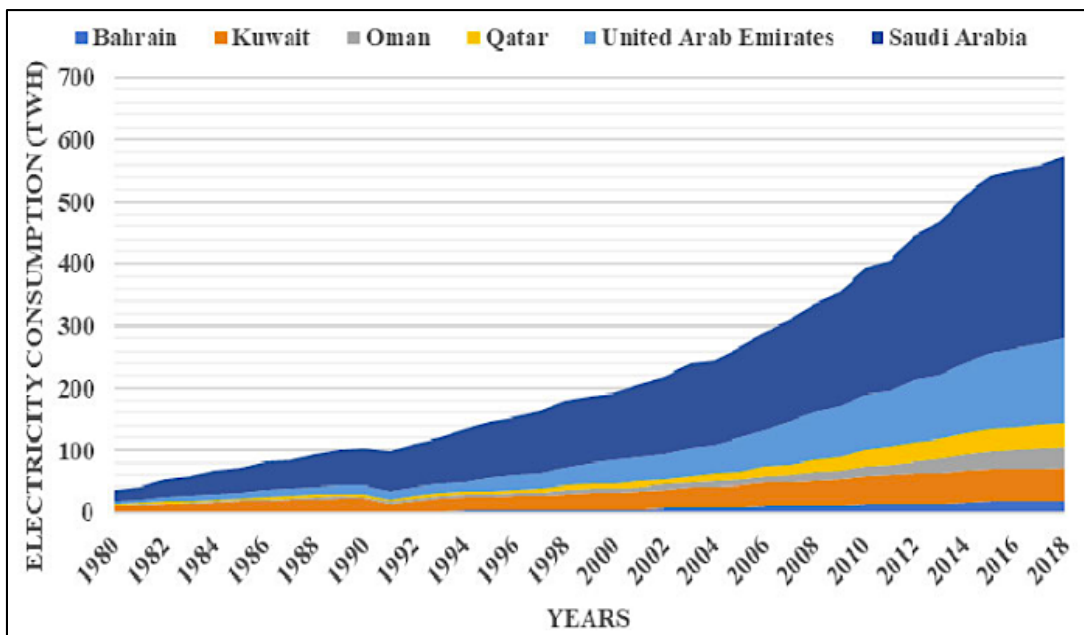


Figure 1: 38-year energy consumption trend in GCC Region (Alharbi & Csala, 2020)

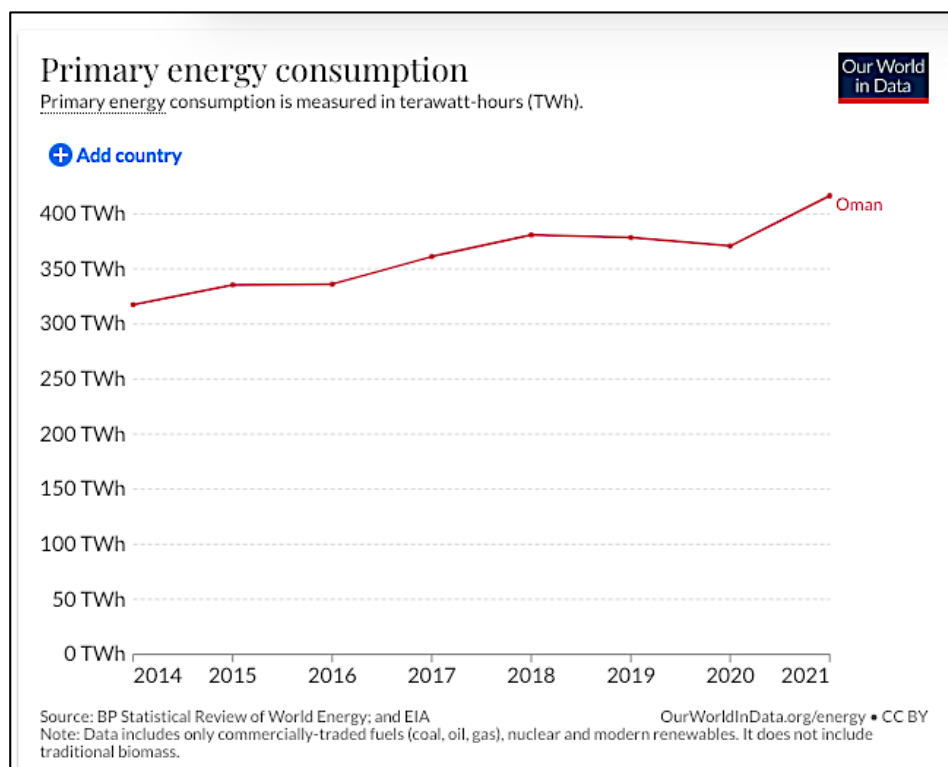


Figure 2: Oman's energy consumption from 2016-2021 (Ritchie & Roser, 2021).

Figure 2 represents the need for Omani entrepreneurs to adopt and expand the use of renewable energy as part of their sustainable business practice. Similar to the overall GCC region's energy consumption trend, Oman is also on an increasing pattern when it comes to the nation's energy

consumption, in which enterprises and SMEs account for the significant numbers of energy consumers.

Challenges that Impacted Oman's Innovative and Sustainable Practice

The recent global health crisis has created multiple challenges for Omani entrepreneurs, especially the ones who are striving for sustainable business performance, despite the financial, economic, and business challenges. However, many enterprises in Oman were able to sustain their social responsibility by adopting technologically-advanced and environmental-friendly strategies, which resulted in better sustainable business performance (Alraja et al., 2022). Due to the effects of the recent pandemic, consumers have also been more practical in buying products, which led other businesses to make some changes in their products. Relatively, many Omani entrepreneurs have decided to offer new products but remain proactive in environmentally-friendly activities and use their technological innovations to sustain their businesses. Raja et al. (2022) also highlighted that during the height of the pandemic, more entrepreneurs realized the value of environmentally-friendly technologies that supported sustainable processes and outcomes.

Apart from the business and economic effects of the recent pandemic, there were other issues that challenged the capabilities of Omani entrepreneurs to innovate and achieve sustainability status. Albalushi and Naqshbandi (2022) said that entrepreneurs in Oman also experienced internal and external issues. Some of the internal problems include the need for better managerial skills and human resource management. In addition, many Omani entrepreneurs lack marketing skills and inadequate operation management. These factors are crucial for establishing a sustainable enterprise. Thus, there was also the need for innovative ideas in some entrepreneurs in the last five years. On the other hand, external factors are also crucial for achieving sustainable entrepreneurship, such as the existing laws and the ease of obtaining loans to increase entrepreneurs' capacity for innovative and sustainable business.

Indeed, innovations and sustainable entrepreneurship worked hand in hand during this period, as innovations that focused on the environment and the welfare of the people enabled enterprises to sustain their performance. Hence, ensuring the sustainability of the whole business itself. Although many enterprises have reduced their number of employees during the pandemic, there were some

who retained their workers and even increased their profit due to a sustainable way of conducting their business.

Moreover, attaining sustainable entrepreneurship among Omani business operators will require increased utilization of renewable energy. However, data shows that in Oman, as well as in the whole GCC region, the development of renewable energy is facing some barriers and challenges as well. As a result, many entrepreneurs in the Gulf Region are still using traditional energy sources, such as fossil fuel, which do not contribute to the sustainability efforts of entrepreneurs. Figure 3 shows a comparison of renewable energy development between the GCC nations. This representation also shows that Oman has barely reached the level of the UAE when it comes to renewable energy. Relatively, many Omani entrepreneurs are yet to fully take advantage of renewable energy sources in the Sultanate due to the lack of infrastructure.

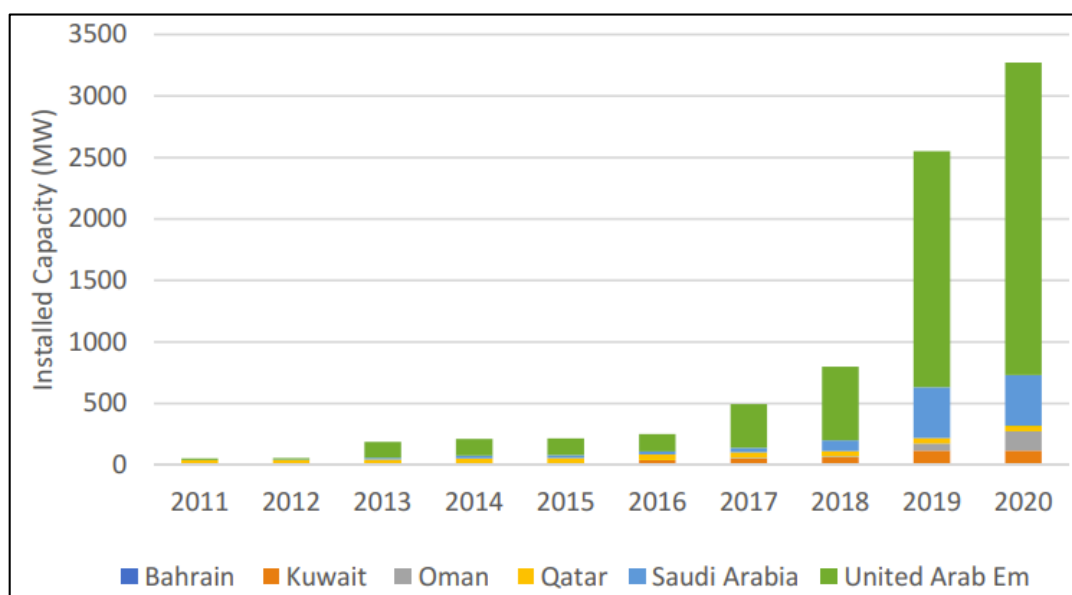


Figure 3: Renewable energy development in the GCC region (Al-Sarihi & Mansouri, 2022)

Social Entrepreneurship and its Support on Innovative and Sustainable Entrepreneurship

There are many cases where sustainable businesses also hold the characteristics of social entrepreneurship. Social entrepreneurs are individuals applying business practices to solve social problems, such as poverty, pollution, hunger, and similar social issues. There are also cases that the entrepreneurs associate their businesses with non-profit organizations to leverage their social

entrepreneurship goals. Through innovation, entrepreneurs develop new ways that can help community members and society as a whole. In 2018, a study was conducted to assess whether the Omani business environment needs social entrepreneurship. According to Varghese (2018), the respondents believed that Omani social enterprises have an inherent vision of sustainable growth, which is environmentally friendly and well-equipped to balance their growth with ecological issues.

In realizing the support of social entrepreneurship for achieving the goal of sustainable entrepreneurship, innovative ideas must also be incorporated. Thus, creating social value for the Omani community is necessary for creating positive change. However, social value is not sufficient to establish sustainable entrepreneurship. According to Lubberink (2019), for social value to become sufficient and supportive of sustainability, value creation must complement various conditions, such as the presence of social entrepreneurs, social enterprise, and the enterprise's engagement with innovation. Social entrepreneurship can potentially thrive in Oman, especially since the government is seeking the transformation of the private sector's role in boosting the economy.

Positive Impacts of Innovations and Sustainable Entrepreneurship

Applying innovative ideas on sustainable entrepreneurship can help improve the performance of the enterprise, which is beneficial for Oman's economy. In addition, a sustainable enterprise is expected to meet the needs of the current and future generations and stakeholders through new business innovations that accelerate positive change in society (Jiatong et al., 2021). There have been many researchers who were keen on understanding the effects of entrepreneurship on a sustainable economy, as well as on sustainable development (Hudek & Hojnik, 2020). For the past five years, Oman has gone through different stages of economic development, and one of the influential factors that improved the Sultanate's economic status was an innovation. Hence, Oman is now considered one of the "Innovation-Driven Economies" across the Gulf region. Indeed, innovation has played a significant role in the economic development of Oman.

Sustainable entrepreneurship is also a practice of many SMEs in Oman. Relatively multiple studies have also acknowledged the positive economic effects of well-performing SMEs. Being able to contribute and increase employment opportunities for Omani people is an important step toward

an improved economy. Thus, many Omani enterprises have provided employment opportunities to the people as part of their sustainable entrepreneurship plans. According to Mondal et al. (2021), SMEs are an essential component of Oman's effort to achieve economic development, create more job opportunities, and bring innovative ideas to benefit social welfare.

Innovative and sustainable entrepreneurship is one of the biggest economic opportunities for Oman. Sustainable enterprises in Oman will not just ensure business prosperity, but it will also ensure that the business itself will have positive effects on future generations. In addition, sustainable entrepreneurship also helps Oman's economy because it will encourage additional investment. Thus, sustainable entrepreneurship also helps achieve economic sustainability.

Omani entrepreneurs who are already operating based on innovative and sustainable strategies are enjoying the benefits and advantages of sustainable entrepreneurship. Sustainable business reduces the cost of business operations in various ways. For example, enterprises that embrace "green" businesses also tend to reduce their energy through efficient lighting and going paperless in all of their documentation processes. In addition, sustainable entrepreneurship also improves a business's reputation due to improved business image.

Entrepreneurship Development in Oman

Omani entrepreneurs have made significant contributions to the economic development of the whole Sultanate. In recent years, the focus of sustainable entrepreneurship in Oman has been focused on creating positive change for the people by helping the government address the issue of unemployment in the country. According to Baporikar (2017), Omani entrepreneurs have recently explored the multiple opportunities within the nation's marketplace and were also able to arrange the needed resources so they can utilize the opportunities for longer periods. It is also evident that these entrepreneurs have obtained the benefits of their efforts, as shown in their business progress. Hence, this development was not just a mere development of Omanis' entrepreneurship skills but also the development of sustainable entrepreneurship.

For the last five years, Omani entrepreneurs have been able to correlate the link between new businesses and increased employment in a positive manner (Hmedat & Ali, 2019). As mentioned, sustainable entrepreneurs are the ones who incorporate sustainable practices in their businesses.

Thus, becoming a sustainable entrepreneur requires three different factors, as portrayed in Figure 4.

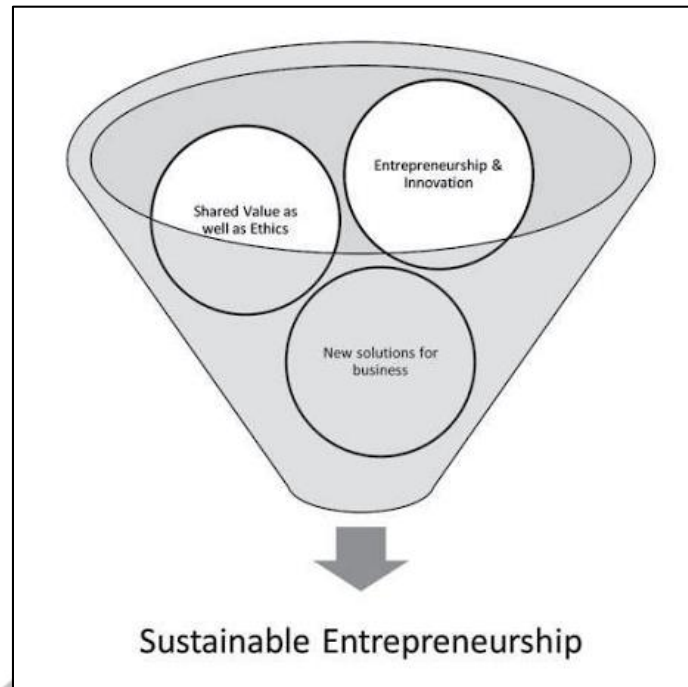


Figure 4: Key factors in achieving sustainable entrepreneurship (Hmedat & Ali, 2019)

Entrepreneurship & innovation are essential for the development of sustainable entrepreneurship. Hence, they are also vital for the enterprise's growth and survival. Entrepreneurs that do not innovate are likely to fall behind other businesses and could face the risk of getting out of the business. When it comes to sustainable entrepreneurship, these factors will enable the business to discover new ideas and apply them to the business itself.

On the other hand, the idea behind shared values and ethics when it comes to developing sustainable entrepreneurship means that the entrepreneur is integrating the key stakeholders in the business operation. For example, an Omani entrepreneur is aware of the importance of ethical standards in business, and he normally ensures the positive effects of the business on the enterprise's stakeholders, such as the customers, suppliers, the government, and even the environment. As for the new solutions for business, sustainable entrepreneurship requires an efficient combination and application of ideas to achieve business objectives. For instance, technology integration and effective strategic planning.

Another approach to entrepreneurship development toward sustainability is through increased competitiveness. According to Magda and El Gharib (2021), many Omani entrepreneurs have developed their own ways to increase their competitiveness in the market. Part of the actions is to improve the entrepreneur's own skills and knowledge and provide effective training for employees to gain more knowledge about the business. In addition, the past five years of Oman's sustainable entrepreneurship were also focused on developing the capabilities of the Omani workforce to reduce the reliance on expatriates or workers from other nations. Magda and El Gharib (2021) explained that Oman has been focusing on the development of a stronger, more knowledgeable, more capable, and more talented workforce by improving the skillset of Omani employees themselves. These actions are essential and can help entrepreneurs achieve sustainability, and by helping the employees improve their skills and capabilities, entrepreneurs are already exercising sustainability.

Conclusions and Recommendations

The practice of innovations and sustainable entrepreneurship in the Sultanate of Oman may not be perfect, as entrepreneurs across the Sultanate are still in the process of realigning themselves to achieve success based on the nation's 2040 goals. Part of sustainable entrepreneurship is to expand the enterprises' utilization of renewable energy resources. However, this transition will require a significant amount of funding from the entrepreneurs. Then again, transitioning toward sustainable entrepreneurship will bring various benefits and advantages to the business. On the one hand, enterprises that are going "green" will be able to establish better reputations because of the inclusion of environmental preservation in their business processes. On the other hand, it is equally important to note that sustainable entrepreneurship does not only focus on the ecological aspect of the business. It is also focused on improving the welfare of the stakeholders and the economy.

In the case of Oman, the last five years show that entrepreneurs have constantly been looking for new ways to innovate their businesses, especially since the nation was also affected by the recent global health crisis. In addition, there was also a need for better skills development among entrepreneurs and their employees for the past five years. Relatively, the goal to increase sustainable entrepreneurship across the whole Sultanate was also driven by the increasing energy consumption in the GCC region, which go against the principle of sustainable development. Therefore, Omani entrepreneurs must look for new ways to increase their renewable energy

utilization. However, data shows that Oman is still in the process of renewable energy development, as the nation is still highly dependent on oil as its main source of energy. With all these current challenges and issues, it is recommended that entrepreneurs learn the keys to successful and sustainable entrepreneurship.

One of the crucial actions for business operators is to increase their social entrepreneurship by way of improving their CSR activities. Thus, social entrepreneurs are viewed as agents of change and have the capability and sources to improve the welfare of the people, economy, and the environment. Since the Sultanate is yet to fully develop its renewable energy sources, Omani entrepreneurs still have the opportunity to achieve sustainable entrepreneurship by going 'green.' There is a strong relationship between green innovation and sustainable entrepreneurship (Galindo-Martin et al., 2020). Furthermore, green innovation is more than just reducing power consumption inside the workplace. The concept focuses on a total transformation of how the enterprise conducts its business, from processes producing products, and even the improvement of their social responsibility initiatives. Innovation entails new ideas, and thus, they must be developed and applied to entrepreneurship to ensure that the approaches will lead the enterprise toward sustainability.

References

- Al Yahyaei, N., Husin, N., & Supian, K. (2020). The Impact of Innovation on the Performance of SMEs in Oman. *International Journal of Innovation, Creativity and Change*, 13(9), 961-975. <https://doi.org/10.13140/RG.2.2.36761.03686>
- Alharbi, F. R., & Csala, D. (2020). GCC countries' renewable energy penetration and the progress of their energy sector projects. *IEEE Access*, 8, 211986-212002. <https://doi.org/10.1109/access.2020.3039936>
- Alraja, M. N., Imran, R., Khashab, B. M., & Shah, M. (2022). Technological innovation, sustainable green practices and SMEs sustainable performance in times of crisis (COVID-19 pandemic). *Information Systems Frontiers*. <https://doi.org/10.1007/s10796-022-10250-z>

- Al-Sarihi, A., & Mansouri, N. (2022). Renewable energy development in the Gulf Cooperation Council countries: Status, barriers, and policy options. *Energies*, *15*(5), 1923. <https://doi.org/10.3390/en15051923>
- Galindo-Martín, M., Castaño-Martínez, M., & Méndez-Picazo, M. (2020). The relationship between green innovation, social entrepreneurship, and sustainable development. *Sustainability*, *12*(11), 4467. <https://doi.org/10.3390/su12114467>
- Heat, W., & Ali, M. (2019). Entrepreneurship Development for Sustainable Development in Oman's Economy. https://www.researchgate.net/publication/348447083_Chapter_7_ENTREPRENEURSHIP_DEVELOPMENT_FOR_SUSTAINABLE_DEVELOPMENT_IN_OMAN'S_ECONOMY
- Hudek, I., & Hojnik, B. (2020). Impact of Entrepreneurship Activity Sustainable Development. *problemy Ekorozwoju*, *15*(2), 175-183. <https://doi.org/10.35784/pe.2020.2.17>
- Ismail Albalushi, K., & Naqshbandi, M. M. (2022). Factors affecting success and survival of small and medium enterprises in the Middle East. *Knowledge*, *2*(3), 525–538. <https://doi.org/10.3390/knowledge2030031>
- Jiatong, W., Li, C., Murad, M., Shahzad, F., & Ashraf, S. F. (2021). Impact of social entrepreneurial factors on sustainable enterprise development: Mediating role of social network and moderating effect of government regulations. *SAGE Open*, *11*(3), 215824402110306. <https://doi.org/10.1177/21582440211030636>
- Lubberink, R. (2019). Social entrepreneurship and sustainable development. https://doi.org/10.1007/978-3-319-71058-7_47-1
- Magd, H., & El Gharib, A. (2021). Entrepreneurship and SMEs sustainable development through business incubators: The case of Oman. *Scientific Journal for Financial and*

- Commercial Studies and Researches (SJFCSR)*, 2(1), 191-220. <https://doi.org/10.21608/cfdj.2021.146717>
- Mondal, S., Al-Shukaili, A., Kassim, N. M., & Zain, M. (2021). Role of SMEs in Oman: Perspectives of future employment and protection policy response. *SHS Web of Conferences*, 124, 11002. <https://doi.org/10.1051/shsconf/202112411002>
- Muthuraman, S. (2020). Innovation & Entrepreneurship Development of SME for Sustainable Development in Sultanate of Oman. *International E-Conference on Advances in Engineering, Technology and Management*. <https://doi.org/10.15224/978-1-63248-190-0-07>
- Muthurman, S., Al Haziazi, M., & Al Hajri, A. (2020). Importance of Social Entrepreneurship in Oman towards the Sustainable Development. *Waffen-UND Kostumkunde Journal*, 11(2), 138-150. https://druckhaus-hofmann.de/gallery/16_wj_february_2117.pdf
- Ritchie, H., & Roser, M. (2021). *Oman: Energy country profile*. Our World in Data. <https://ourworldindata.org/energy/country/oman>
- Varghese, T. (2018). Social entrepreneurship realities: Do a country need social entrepreneurs or innovative social entrepreneurs? *International Review of Management and Business Research*, 7(1), 186–190. [https://doi.org/10.30543/7-1\(2018\)-17](https://doi.org/10.30543/7-1(2018)-17)