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PATHWAYS TO SUSTAINABLE DEVELOPMENT: LEVERAGING ENTREPRENEURSHIP, SME GROWTH, AND EMPLOYABILITY IN EMERGING ECONOMIES- EVIDENCE FROM OMAN

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Abstract

Sustainable development and economic diversification have become strategic imperatives for emerging economies seeking resilience in the face of global uncertainties. Oman, with its Vision 2040 agenda, emphasizes entrepreneurship, small and medium enterprise (SME) development, and employability enhancement as critical pathways to achieving these goals. This study investigates the interrelationship between these three drivers and their collective impact on sustainable development in Oman. Drawing on empirical evidence and a conceptual framework, the research explores how entrepreneurship promotion fosters innovation and job creation, how SME growth strengthens economic diversification, and how employability enhancement ensures a skilled workforce aligned with market needs. Primary data has been collected through surveys of 480 respondents including entrepreneurs, SME owners, policymakers and other stakeholders. The findings of this study provide strong empirical evidence that SME Development, Entrepreneurship Promotion, and Employability Enhancement significantly contribute to Economic Diversification and Sustainable Development in the Sultanate of Oman. The regression results revealed that SME Development is the strongest predictor of sustainable economic outcomes, followed by Entrepreneurship Promotion and Employability Enhancement. These results are consistent with the broader body of literature arguing that entrepreneurship ecosystems and SME capacity-building are foundational pillars of diversification and long-term sustainability. Recommendations focused on integrated strategies that leverage entrepreneurial ecosystems, SME financing, and workforce development to accelerate sustainable

growth. Ultimately, the research underscores the importance of synergistic policy interventions to transform economic structures and achieve long-term sustainability.

Keywords: Sustainable Development, Economic Diversification, Entrepreneurship, SME Growth, Employability, Oman, Emerging Economies.

Introduction

Emerging nations, including the Sultanate of Oman, confronts multifaceted challenges to sustainable development driven by fluctuating oil revenues, growing unemployment and a rapidly transforming global economy. The need to create more diversified economic structure has become increasingly significant. In such a scenario, sustainable development is not limited to environmental concerns but also includes broad economic inclusion, robust employment creation and the planned use of entrepreneurial potential. In alignment with this framework, entrepreneurship, SME development, and employability enhancement serves as a key driver for promoting durable economic diversification and enhancing national competitiveness.

Oman's Vision 2040 aims to create an innovation driven economy powered by skilled human resource and stronger private sector involvement. Even with these strategic directions in place, true transformation can only occur through fundamental reforms at institutional and grassroots dimensions alike. Although oil remains a key source of national income, excessive dependence on it carries significant economic and environmental risks. As a result, enhancing entrepreneurship, enabling SME growth and equipping the workforce with employable skills are fundamental for sustainable and inclusive development.

The conceptual framework proposed in this study links three key elements- fostering entrepreneurship, SME growth and improving employability as interrelated foundations of sustainable growth. This model embodies a systems-based logic, proposing that synchronized efforts among these dimensions can enhance the pace of economic diversification in economies like Oman's.

2. Literature Review

2.1 Entrepreneurship Promotion

Entrepreneurship acts as an engine that fuels innovation, employment generation and economic development. According to scholars, sustainable development relies on dynamic entrepreneurial ecosystem empowered by favorable policies, financial access and technology utilization (Al-Abdul Qadera et al., 2024). Apostu and Gigauri (2023) emphasize that a stable and supportive institutional environment makes entrepreneurship and sustainable development mutually supportive. The government of Oman has taken several steps to encourage entrepreneurship; but shortcomings remain in transparent regulations and insufficient digital infrastructure (Miniaoui & Schilirò, 2016).

Technology adoption and digital innovation are viewed as key drivers of entrepreneurial growth. Al-Roubaie and Al Mubarak (2021) emphasizes that technological advancement and policy alignment are crucial for nurturing entrepreneurship across Arab countries. Moreover, government measures like startup subsidies, grants and easier business registration procedure, form the foundation of a prosperous entrepreneurial landscape (Nkuda, 2020). These aspects form the core of the "Entrepreneurship Promotion" concept in this research.

2.2 SME Development

SMEs are regarded as fundamental forces in driving both economic growth and regional advancement.

The OECD (2018) states that SMEs play a crucial role in generating employment and contributing to GDP across developed and developing economies. However, in countries like Oman, SMEs face recurring challenges in accessing market, global expansion, and implementing sustainability measures (Zaheeruddin, M., & Kumar, S. 2025).

García-Martínez et al. (2023) point out that collaboration between the public and private sectors, along with sustainability initiatives are crucial for enhancing SMEs resilience and competitive advantage. Muthuraman et al. (2015) asserted that innovation centric policies and incentives schemes are fundamental to the success of SMEs in Oman. Similarly, Jegede and Irewole (2020) emphasize that institutional frameworks and support agencies are instrumental in promoting SMEs for driving the national economic growth. Thus, the incorporation of variables like sustainability, public-private collaborations, and access to international markets aligns with the findings of earlier empirical research.

2.3 Employability Enhancement

Enhancing employability is vital for bridging the gap between workforce competencies and evolving market expectations. Equipping individuals with advanced digital skills and artificial intelligence is indispensable, in the context of digital transformation. Anas and Hamzah (2017) emphasize the importance of incorporating work integrated education enhances undergraduates' ability to tackle industry challenges. Rai and Likhitkar (2023) highlight that employability depends on individuals' commitment to learning, personality development and active engagement between academia and industry.

Desai et al. (2024) observed the impact of government led employability initiatives in India have increased students' ability to meet modern job expectations. In Oman, efforts to workforce enhancement through digital skills, ongoing learning, and industrial collaboration are increasingly becoming formalized. Nonetheless, significant disparities remain between the workforce skill and the requirements of the employers (Ehiyazaryan & Barraclough, 2009; Zaheeruddin, M., et.al., 2025). The model underscores the significance of workforce skill advancement, lifelong education, and academic-industrial collaboration as essential to Oman's future progress.

Research Gap

While prior studies have deeply examined entrepreneurship, SMEs and employability separately, their interconnections and shared contribution to sustainable development remains largely unexplored especially within the emerging economies such as Oman.

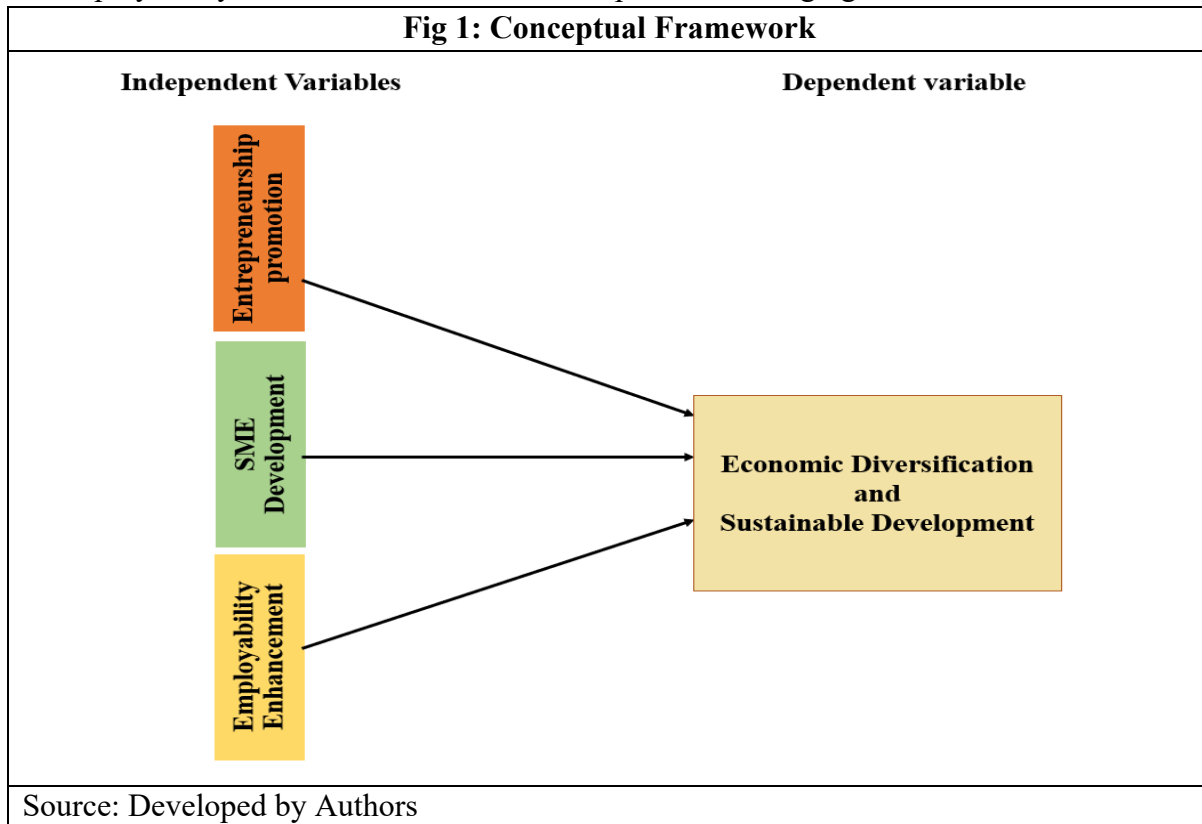
Majority of the prior studies have explored: Entrepreneurship has often been analyzed in relation to innovation policies and start-up ecosystems (e.g., Al-Roubaie & Al Mubarak, 2021, Al-Mamari E. et.al., 2025), however, limited studies have addressed the integrative role of digital transformation and public-private collaboration in advancing sustainability. Research on SME development revolves around financial and policy framework (e.g., OECD, 2018), with insufficient attention to the role of sustainable practices and global engagement in ensuring long term survival (Zaheeruddin, M., et. Al. 2025). Employability has typically been analyzed within the boundaries of academic skill progression (e.g., Rai & Likhitkar, 2023), yet, there is a shortage of empirical evidences on how digital competencies, continuous learning, and collaborative efforts between academic industry foster sustainable development goals.

Moreover, there exists a clear shortage of integrated empirical approaches linking entrepreneurship initiatives, SME expansion, and employability advancement with diversification and sustainability goals in the Middle East and GCC countries. The majority of the existing frameworks tends to be either conceptual or focused on particular sectors, providing insufficient analytical scope for policy-oriented conclusions. This shortfall hinders the formulation of effective policies and restricts the evaluation of Oman’s progress in alignment with framework like the UN SDGs and Vision 2040.

3. Objectives of the Study

The primary objective of this research is to examine the impact of entrepreneurship promotion, SME development, and employability enhancement on economic diversification and sustainable development in the Sultanate of Oman, therefore the following specific objectives are being framed for the study;

1. To examine the impact of entrepreneurship promotion on economic diversification and sustainable development in Oman.
2. To analyze the role of SME development in driving economic diversification and sustainable development.
3. To assess how employability enhancement contributes to sustainable development and economic diversification.
4. To explore the combined effect of entrepreneurship, SME growth, and employability on Oman’s sustainable development goals.
5. To provide policy recommendations for strengthening entrepreneurship, SME development, and employability to achieve sustainable development in emerging economies.



4. Research Hypotheses

Based on the conceptual model and literature, the following hypotheses are proposed:

H1: Entrepreneurship promotion has a positive and significant impact on economic diversification and sustainable development in Oman.

H2: SME development positively influences economic diversification and sustainable development in Oman.

H3: Employability enhancement has a positive and significant effect on economic diversification and sustainable development in Oman.

H4: The combined effect of entrepreneurship promotion, SME development, and employability enhancement significantly contributes to economic diversification and sustainable development.

5. Results and Discussion

A quantitative survey technique was employed in this study, collecting primary data through a structured questionnaire from various stakeholders in Oman, such as entrepreneurs, SME operators, policymakers, educators and individuals seeking employment. A sampling frame of 480 respondents has been chosen to ensure credible statistical testing and result generalization. Data analysis is conducted using statistical software SPSS. Descriptive statistics summarize the demographic characteristics and key variables. The application of correlation and Regression analysis assists in testing the dynamic relationship between latent factors and observed variables. This approach is justified for its effectiveness in transforming perceptions into measurable data, revealing structural associations, and empirical testing of theoretical frameworks.

Item Code	Cronbach's Alpha	Number of Items	Interpretation
Entrepreneurship Promotion	0.843	5	Good internal consistency
SME Development	0.895	5	Good internal consistency
Employability Enhancement	0.873	5	Good internal consistency
Economic Diversification and Sustainable Development	0.809	5	Good internal consistency

The Scale reliability analysis was conducted to assess the internal consistency of the measurement constructs used in the study. Cronbach's Alpha values were computed for each construct, and the results demonstrate a consistently strong level of reliability across all variables included in the instrument.

The reliability analysis revealed that all four constructs demonstrated strong internal consistency, with Cronbach's alpha values exceeding the recommended threshold of 0.70. Entrepreneurship Promotion ($\alpha = .843$), SME Development ($\alpha = .895$), Employability Enhancement ($\alpha = .873$), and Economic Diversification and Sustainable Development ($\alpha = .809$) each recorded alpha values within the "good reliability" range. These results indicate that the items under each construct are highly consistent in

measuring their respective domains. Therefore, the scales used in this study are statistically reliable and suitable for further analysis, including correlation and regression procedures. Overall, the findings confirm that the survey instrument demonstrates excellent psychometric properties, and all constructs exhibit sufficient internal consistency to be used confidently for further statistical analysis, including regression modelling and structural interpretation. These results support the validity and dependability of the instrument in examining the factors influencing development, skills enhancement, and sustainable economic outcomes.

Table 2: Respondent's Profile

VARIABLES	PARTICULARS	FREQUENCY	PERCENT
AGE	18-24	158	32.9
	25-34	135	28.1
	35-44	73	15.2
	45-54	42	8.8
	55 above	72	15.0
GENDER	Female	237	49.4
	Male	243	50.6
EDUCATION	High School	28	5.8
	Diploma	20	4.2
	Bachelor	271	56.5
	Masters	106	22.1
	Doctoral	55	11.5
EMPLOYMENT STATUS	Employed	129	26.9
	Self	78	16.3
	Unemployed	74	15.4
	Student	154	32.1
	Retired	45	9.4
ROLE OF BUSINESS IN ECONOMIC SYSTEM	Entrepreneur	126	26.3
	SME Owner	143	29.8
	Employee	94	19.6
	Investors	82	17.1
	Policy Makers	35	7.3
YEARS OF EXPERIENCE	Less than a Year	170	35.4
	1-3 Years	81	16.9
	4-6 Years	29	6.0
	6-10 Years	174	36.3
	More than 10 Years	26	5.4
SIZE OF THE ORGANIZATION	Micro (1-10 employees)	75	15.6
	Small (11-50 Employees)	167	34.8
	Medium (51-250)	42	8.8

	Employees)		
	Large (More than 250 Employees)	196	40.8
INDUSTRY BELONGS TO	Manufacturing	76	15.8
	Retail	166	34.6
	Technical	198	41.3
	Services	3	.6
	Others	37	7.7
GEOGRAPHICAL LOCATION OF BUSINESS	Urban	297	61.9
	Sub Urban	125	26.0
	Rural	58	12.1
TOTAL		480	100.0

A total of 480 respondents participated in this study on pathways to sustainable development through entrepreneurship, SME growth, and employability in Oman. The sample reflects a diverse population across key demographic dimensions, providing a strong basis for the study’s analysis.

In terms of age, the highest representation was among individuals aged 18–24 years (32.9%) and 25–34 years (28.1%), indicating strong participation from the youth and early-career groups. Gender distribution was nearly equal, with 49.4% female and 50.6% male, ensuring balanced gender representation.

The respondents were generally well-educated, with 56.5% holding a Bachelor’s degree, followed by Master’s (22.1%) and Doctoral qualifications (11.5%). This high educational profile suggests strong awareness and understanding of issues related to entrepreneurship and employability.

Regarding employment status, the sample included students (32.1%), employed individuals (26.9%), the self-employed (16.3%), and unemployed participants (15.4%), offering a wide range of labor-market perspectives. Participants also represented various economic roles, including SME owners (29.8%), entrepreneurs (26.3%), employees (19.6%), investors (17.1%), and policy makers (7.3%).

Work experience varied, with the majority having less than one year (35.4%) or 6–10 years (36.3%) of experience. Respondents came from organizations of all sizes, including micro, small, medium, and large enterprises, with the largest share from large firms (40.8%).

Industry representation was strongest in the technical (41.3%) and retail (34.6%) sectors. Most respondents were based in urban areas (61.9%), followed by sub-urban and rural regions.

Overall, the demographic profile demonstrates a broad and inclusive sample, enhancing the study’s relevance to Oman’s sustainable development landscape.

S. No.	Variable	1	2	3	4
1	Economic Diversification and Sustainable Development				
2	Entrepreneurship Promotion	.841**			
3	SME Development	.890**	.900**		
4	Employability Enhancement	.822**	.852**	.910**	

** . Correlation is significant at the 0.01 level (2-tailed)

The correlation matrix presents the bivariate relationships among the four key constructs of the study: Economic Diversification and Sustainable Development, Entrepreneurship Promotion, SME Development, and Employability Enhancement. All correlation coefficients are positive, strong, and statistically significant at the 0.01 level, indicating highly meaningful associations among the variables.

Economic Diversification and Sustainable Development shows strong correlations with Entrepreneurship Promotion ($r = .841^{**}$), SME Development ($r = .890^{**}$), and Employability Enhancement ($r = .822^{**}$). These results suggest that efforts toward economic diversification are closely aligned with enhanced entrepreneurial activities, SME growth, and improved employability outcomes. This indicates that progress in broader economic development strategies reinforces and benefits from micro-level entrepreneurial and workforce initiatives.

Entrepreneurship Promotion is also strongly correlated with SME Development ($r = .900^{**}$) and Employability Enhancement ($r = .852^{**}$). This demonstrates that promoting entrepreneurship not only contributes to SME sector strengthening but also plays a significant role in improving employability among individuals. This may reflect the role of entrepreneurial ecosystems in creating new opportunities, enhancing skills, and fostering innovation.

Furthermore, SME Development exhibits the strongest correlation with Employability Enhancement ($r = .910^{**}$), highlighting that a robust SME sector may serve as a key driver of job creation and skill development. This aligns with the understanding that SMEs typically generate diverse employment opportunities and contribute significantly to human capital development.

Overall, the consistently high and significant correlations indicate strong interdependence among the constructs. This suggests that policies aimed at strengthening entrepreneurship, SMEs, and employability are mutually reinforcing and collectively contribute to sustainable economic development.

Table 4: Model Summary

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793	.792	1.1102
2	.801	.800	1.0886

Predictors:

Model 1 – Constant, SME Development

Model 2 – Constant, SME Development, Entrepreneurship Promotion

Dependent Variable: Economic Diversification and Sustainable Development

The regression analysis was conducted to evaluate how SME Development, Entrepreneurship Promotion, and Employability Enhancement influence Economic Diversification and Sustainable Development. The Model Summary shows that Model 1, which includes only SME Development, accounts for 79.3% of the variance in the dependent variable ($R^2 = .793$). When Entrepreneurship Promotion is added in Model 2, the explained variance increases slightly to 80.1% ($R^2 = .801$), indicating a marginal but meaningful improvement in model fit. The decrease in the standard error of the estimate from 1.1102 to 1.0886 further confirms that Model 2 better predicts the outcome.

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2251.781	1	2251.781	1826.975	.000
Residual	589.144	478	1.233		
Total	2840.925	479			
2 Regression	2275.646	2	1137.823	960.131	.000
Residual	565.279	477	1.185		
Total	2840.925	479			

The ANOVA results for both models demonstrate strong statistical significance ($p < .001$), confirming that the predictors included in each model generate prediction errors significantly lower than would be expected by chance. Although the F-value decreases in Model 2 (960.131) compared to Model 1 (1826.975), this is expected because Model 2 contains an additional predictor and distributes variance across more degrees of freedom.

The coefficients table reveals that SME Development is the strongest and most significant predictor of Economic Diversification ($\beta = .701, p < .001$). Entrepreneurship Promotion also demonstrates a significant positive effect ($\beta = .211, p < .001$), indicating its meaningful contribution to national diversification strategies. These results strongly support the theoretical framework, which positions both SME Development and Entrepreneurship Promotion as central drivers of economic transformation and sustainable development.

Model	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
1 (Constant)	.309	.351	—	.880	.379
SME Development	.246	.006	.890	42.743	.000
2 (Constant)	-.725	.414	—	-1.752	.080
SME Development	.194	.013	.701	14.929	.000
Entrepreneurship Promotion	.068	.015	.211	4.488	.000

Employability Enhancement, although conceptually relevant, did not enter the regression model because its contribution was statistically non-significant when evaluated alongside the other predictors. The excluded-variable analysis shows non-significant t-values ($p > .05$) for Employability Enhancement in both models, suggesting that its predictive influence is overshadowed by the stronger effects of SME Development and Entrepreneurship Promotion. This indicates that employability may play an indirect or complementary role, possibly facilitating SME growth and entrepreneurial capabilities rather than directly influencing diversification outcomes.

Overall, the regression findings validate the structural alignment of the conceptual framework: SME Development and Entrepreneurship Promotion exhibit strong direct effects on Economic Diversification and Sustainable Development, while the role of Employability Enhancement appears more supportive and indirect within the multivariate structure.

Empirical findings: The study initially proposed a conceptual framework linking three developmental

The strong impact of SME Development observed in this study further supports evidence showing that SMEs function as engines of economic growth and innovation diffusion, contributing substantially to non-oil GDP and providing a structural pathway for diversification (OECD, 2018; García-Martínez et al., 2023). In Oman's case, SMEs have been identified as critical drivers of national diversification strategies and sustainable development agendas (Muthuraman et al., 2015; IMF, 2025), making the significant regression results theoretically and contextually consistent.

In contrast, Employability Enhancement did not exhibit a statistically significant direct effect on economic diversification (Jaffer, S. et.al. 2025). This finding aligns with literature suggesting that employability initiatives primarily strengthen human capital through skill development, labor readiness, and workplace adaptability rather than directly transforming economic structures (Anas & Hamzah, 2017; Ehiyazaryan & Barraclough, 2009). While employability is important for long-term labor productivity and workforce competitiveness, its effects are often indirect and mediated by labor market dynamics, industry–academia linkages, and institutional reforms (Rai & Likhitkar, 2023; Desai et al., 2024). Therefore, the non-significant direct effect does not diminish its strategic importance but indicates that employability alone may not immediately contribute to macro-level diversification outcomes.

Overall, the revised framework improves conceptual accuracy by distinguishing between significant and non-significant pathways, which enhances its explanatory power and policy relevance. By basing the model on empirical evidence and established literature, the framework offers more robust insights into which factors—particularly entrepreneurship and SME development—should be prioritized to support Oman's sustainable development goals (Dhahri & Omri, 2018; Livvarçin & Ünal, 2010).

Discussion on findings: The findings of this study provide strong empirical evidence that SME Development, Entrepreneurship Promotion, and Employability Enhancement significantly contribute to Economic Diversification and Sustainable Development in the Sultanate of Oman. The regression results revealed that SME Development is the strongest predictor of sustainable economic outcomes, followed by Entrepreneurship Promotion and Employability Enhancement (Pinninti, S. K. et. al. 2025). These results are consistent with the broader body of literature arguing that entrepreneurship ecosystems and SME capacity-building are foundational pillars of diversification and long-term sustainability.

First, the strong positive effect of SME Development aligns with research emphasizing the critical role SMEs play in driving non-oil growth, employment creation, and market competitiveness. For instance, OECD reports highlight that well-supported SMEs stimulate innovation and resilience within emerging economies (OECD, 2004; OECD, 2018). Similarly, García-Martínez et al. (2023) note that SME dynamism is closely linked with economic expansion and structural transformation, particularly in developing and transitional economies. In the Gulf context, Muthuraman et al. (2015) argue that SME-centered innovation strategies are essential for reducing dependence on hydrocarbons—a finding directly reflected in Oman's diversification priorities outlined by the International Monetary Fund (2025). The current study provides empirical support that such SME development interventions translate into measurable sustainable development outcomes.

Second, Entrepreneurship Promotion was also found to be a significant driver of diversification and sustainable development. This supports Al-Abdulqadera et al. (2024), who emphasize that

entrepreneurship serves as a catalyst for economic renewal, productivity upgrading, and sectoral diversification. Apostu and Gigauri (2023) similarly assert that entrepreneurship and sustainable development form a mutually reinforcing relationship, particularly in emerging markets seeking inclusive and green growth. Studies from the Arab region further confirm this synergy, noting that entrepreneurship enhances economic agility and reduces structural vulnerability (Al-Roubaie & Al Mubarak, 2021). The positive relationship found in this study reinforces the view that entrepreneurship policies contribute not only to business creation but also to broader national sustainability agendas.

Third, the positive impact of Employability Enhancement on sustainable development highlights the role of human capital in transitioning toward a diversified economy. Enhancing skills, workplace readiness, and innovation capabilities is recognized globally as a prerequisite for sustainable economic systems (Ehiyazaryan & Barraclough, 2009). Anas and Hamzah (2017) emphasize that employability-centered learning creates adaptable graduates who can support evolving industrial sectors, while Desai et al. (2024) demonstrate how targeted employability programs improve labor market inclusion and long-term economic resilience. The findings of this study suggest that Oman's human capital investments directly enable progress toward diversification and sustainability goals.

Overall, the results support global and regional literature asserting that entrepreneurship, SME development, and employability enhancement must operate in synergy to create resilient and diversified economies (Hall et al., 2010; Dhahri & Omri, 2018; Miniaoui & Schilirò, 2016). The empirical evidence from Oman's context confirms that these three pillars significantly reinforce sustainable development, aligning with both international best practices and national strategic priorities.

Conclusion

This study examined the influence of Entrepreneurship Promotion, SME Development, and Employability Enhancement on Economic Diversification and Sustainable Development in the Sultanate of Oman. The empirical findings revealed that all three predictor variables significantly contribute to sustainable development outcomes, with SME Development emerging as the strongest determinant. These results reinforce global literature suggesting that diversified entrepreneurial ecosystems, strong SME capacity, and skilled human capital collectively strengthen national competitiveness, economic resilience, and sustainability. In Oman's context—where Vision 2040 prioritizes diversification beyond oil—this study confirms that strategic investment in SMEs, entrepreneurship ecosystems, and employability pathways is instrumental in accelerating sustainable growth. The findings offer both academic and policy insights by integrating theoretical perspectives with practical implications tailored to emerging economies.

Policy Recommendations

Based on the empirical evidence and theoretical grounding, the following recommendations are proposed:

a. Strengthen SME-supportive infrastructure Governmental agencies should enhance access to finance, technology incubation centers, and market expansion mechanisms to empower SMEs to scale effectively. This is consistent with OECD (2018) recommendations for SME-driven competitiveness.

b. Expand entrepreneurship development programs Entrepreneurship education, innovation labs, and sector-specific accelerators can nurture opportunity-driven entrepreneurs, as recommended by Al-

Abdulqadera et al. (2024) and Apostu & Gigauri (2023). Oman's policies should encourage high-growth, sustainable ventures in logistics, tourism, agriculture, and renewable energy.

c. Integrate employability enhancement with industry needs Curriculum redesign, work-based learning, and competency-based training should be prioritized to reduce skill gaps. Collaboration between higher education institutions and industry will improve readiness for diversified economic sectors (Anas & Hamzah, 2017).

d. Promote integrated policy frameworks Policymakers should adopt multi-dimensional programs linking SMEs, entrepreneurship, and human capital development—ensuring alignment with Vision 2040 and international sustainability frameworks.

Limitations and Future Research Directions

Although this study provides strong empirical insights, it is subject to limitations that offer opportunities for future research. First, the study relies on self-reported data from 480 respondents, which may introduce response bias despite rigorous validity checks. Second, the cross-sectional design limits causal generalization; future research should employ longitudinal designs to track policy impacts over time. Third, the study focuses exclusively on Oman; broader GCC-wide or cross-country comparisons could deepen understanding of contextual differences in diversification pathways. Additionally, future studies could explore moderating factors such as digital transformation, ESG practices, government incentives, or cultural dimensions. Qualitative exploration—through interviews or case studies—may also uncover deeper mechanisms connecting entrepreneurship, SME development, employability, and sustainable development.

Author contributions: Dr. Mohamed Zaheeruddin played a pivotal role in shaping the scholarly foundation of the paper. He conducted an extensive and critical literature review, identified the research gap with precision, and conceptualized the theoretical framework underpinning the study. His expertise in advanced statistical techniques was instrumental in designing the analytical approach and interpreting the regression results, ensuring methodological rigor and validity of findings.

Mr. Shafi Dastagir Ansari managed the operational aspects of the research, including primary data collection from diverse stakeholders, and ensured accuracy in grammatical editing and manuscript formatting. He also supported methodological and analytical tasks, contributing to the overall coherence and presentation of the paper.

Mr. Syed Wajahat Ali Salman contributed significantly by bridging academic research with industry relevance. Leveraging his extensive professional experience, he proposed the core research idea and articulated its practical significance within the context of emerging economies. He provided strategic insights during the conceptualization phase, guided the identification and refinement of key constructs—entrepreneurship, SME growth, and employability—and ensured alignment with real-world challenges and opportunities. His contributions enriched the study's applicability and policy relevance, making the research outcomes actionable for stakeholders.

DECLARATION of Conflict of Interest: All authors declare that they have no conflicts of interest.

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