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## Enhancing sustainability and competitiveness of self-funded SMEs: The hotel model

Hisham Al Ghunaimi<sup>1\*</sup>, Raed Awashreh<sup>2</sup>

<sup>1,2</sup>*College of Business Administration, A'Sharqiyah University, Oman.*

Corresponding author: Hisham Al Ghunaimi (Email: [hisham9934@gmail.com](mailto:hisham9934@gmail.com))

### Abstract

This study introduces the SME Hotel Model, a centralized service framework to address the challenges faced by self-funded SMEs, such as limited financing and market barriers. The model promotes resource sharing, innovation, and cost efficiency to enhance the sustainability and competitiveness of SMEs, especially in emerging markets. A mixed-methods approach was adopted to assess the impact of the SME Hotel Model on sustainability, competitiveness, and resilience in self-funded SMEs in Oman. Data were collected from Oman. The SME Hotel Model enhances sustainability by enabling resource sharing and cost reduction. It fosters innovation, boosts competitiveness, and strengthens resilience, helping self-funded SMEs overcome financial constraints. The study also highlights the role of digital adoption in scalability. The SME Hotel Model supports self-funded SMEs in Oman by centralizing services and fostering innovation, aligning with Vision 2040. It promotes economic diversification and highlights the need for supportive frameworks to drive growth. It offers insights for policymakers and business leaders, emphasizing the need for policies that support resource sharing and digital transformation in SMEs, advocating to help self-funded SMEs overcome challenges, drive growth, and contribute to economic diversification in Oman.

**Keywords:** Competitiveness, Economic diversification, Enhancing sustainability, Hotel model, Self-funded SME.

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### 1. Introduction

Small and Medium Enterprises (SMEs) are integral to driving economic growth, fostering innovation, and creating employment opportunities, especially in emerging markets. In these economies, SMEs contribute significantly to diversification and economic resilience. However, self-funded SMEs—businesses relying primarily on personal or family resources rather than external capital—face distinct challenges that hinder their scalability and long-term sustainability. These challenges include limited access to financing, managerial capacity constraints, and market entry barriers, which are further exacerbated by the volatile and competitive nature of modern markets [1]. Addressing these issues requires innovative

approaches to optimize resource utilization and operational efficiency, particularly in environments where external funding options are scarce.

The SME Hotel Model offers a centralized service framework tailored to meet the unique needs of self-funded SMEs in emerging markets. By focusing on resource sharing, collaborative innovation, and cost efficiency, the model directly addresses the financial and operational difficulties these enterprises encounter [2]. Unlike traditional business models that assume access to external financing, the SME Hotel Model ensures operational sustainability by centralizing key functions such as marketing, financial planning, and legal support. This approach not only enhances efficiency but also creates an ecosystem that fosters innovation and resilience, making it particularly relevant for emerging markets like Oman [3].

A critical gap in the literature is the lack of models designed specifically for self-funded SMEs operating in constrained economic environments. The SME Hotel Model bridges this gap by providing a framework that leverages the Dynamic Capabilities Approach, enabling SMEs to reconfigure resources and adapt to rapidly changing market conditions [4]. This transformative model integrates principles of design thinking, emphasizing adaptability, resource optimization, and shared services to promote sustainable growth. In Oman, self-funded SMEs face numerous challenges, including limited access to credit, operational inefficiencies, and heightened competition, which impede their ability to scale and thrive [5]. As Oman pursues its Vision 2040 goals of economic diversification and reduced dependence on oil, enhancing the competitiveness and resilience of SMEs is critical [6]. The SME Hotel Model aligns with these national objectives by equipping self-funded SMEs with tools to navigate external pressures and contribute meaningfully to economic development. Through collaborative strategies and centralized management, the model offers a sustainable solution tailored to the Omani context [3].

This study explores the implementation of the SME Hotel Model and evaluates its impact on the sustainability, competitiveness, and resilience of self-funded SMEs in Oman. By addressing their financial and operational limitations, the study seeks to provide actionable recommendations for policymakers and business leaders. The central research question guiding this inquiry is: *How can self-funded SMEs in Oman optimize their business models, overcome challenges, leverage innovation, and navigate external factors to improve their competitiveness, sustainability, and resilience?*

The article is structured as follows: Section 2 provides a review of the relevant literature, highlighting existing business models and the challenges faced by self-funded SMEs. Section 3 outlines the research methodology. Section 4 introduces the SME Hotel Model, followed by an analysis of its results in Section 5. Finally, Section 6 discusses the findings, draws conclusions, and presents implications and recommendations for future research. This research contributes to the growing body of knowledge on SME sustainability by proposing an innovative, context-specific model to support Oman's economic diversification and long-term development.

## **2. Literature Review**

Self-funded small and medium-sized enterprises (SMEs) in emerging markets, such as Oman, operate under unique constraints, primarily stemming from their reliance on personal or family resources rather than external financing [7]. Consequently, this funding limitation restricts their ability to scale operations, invest in innovation [8], and compete effectively in increasingly saturated and competitive markets. Traditional business models, which often assume access to external capital, fail to address the distinct challenges faced by self-funded SMEs [9]. As a result, these shortcomings have driven the exploration of Business Model Innovation (BMI) frameworks that aim to optimize resource utilization and foster sustainability in resource-constrained environments.

Several BMI frameworks have been proposed to address the challenges of SMEs, including the Dynamic Capabilities Approach, Johnson's Four-Box Framework, Blue Ocean Strategy, and the Business Model Canvas. Although these frameworks offer valuable insights into strategic business adaptation, they often fall short of addressing the specific constraints of self-funded SMEs [10]. The Dynamic Capabilities Approach, for instance, emphasizes the importance of reconfiguring internal resources to adapt to changing market conditions. This perspective is particularly relevant for self-funded SMEs in Oman, where resource optimization and market responsiveness are critical [11]. Shared resource models, such as the SME Hotel Model, align with this framework by enabling SMEs to pool resources, foster collaboration, and mitigate capital constraints [12]. By doing so, self-funded SMEs can leverage dynamic capabilities to improve their resilience in volatile and competitive markets [13].

Similarly, Johnson's Four-Box Framework focuses on customer value, profit formulas, and key resources. For self-funded SMEs, this framework provides a practical tool for identifying market opportunities and optimizing internal processes. Its emphasis on maximizing the utility of existing resources is especially pertinent for enterprises with limited financial means [14].

The Blue Ocean Strategy, on the other hand, encourages businesses to break away from competition by creating uncontested market spaces. This approach is highly applicable to SMEs in Oman, where market saturation poses significant challenges. By prioritizing differentiation and innovation, SMEs can develop unique value propositions, reduce direct competition, and secure sustainable growth [15]. In parallel, open innovation frameworks advocate for forming partnerships, collaborating with external stakeholders, and accessing external knowledge and technologies. For resource-limited SMEs, open innovation offers a pathway to overcome internal resource constraints while fostering creativity and adaptability [16].

However, while the aforementioned BMI frameworks provide foundational strategies for business adaptation, they often overlook the specific financial and operational constraints faced by self-funded SMEs in resource-constrained environments. To address this gap, SMEs require models that not only account for funding limitations but also provide practical mechanisms for operational efficiency and scalability [17]. The SME Hotel Model emerges as a tailored solution to this challenge. Unlike traditional models, it centralizes critical business functions—such as marketing, financial planning, and legal support—into

a shared service framework. By facilitating collaboration and resource sharing, this model enables SMEs to reduce operational costs, enhance efficiency, and redirect their focus from daily operational concerns to growth and innovation [3].

Importantly, the SME Hotel Model integrates principles from established BMI frameworks, including dynamic capabilities and resource optimization, while explicitly addressing the challenges of self-funded SMEs. It creates a collaborative ecosystem where SMEs can share costs, access essential services, and improve their competitiveness without relying on external financing [11]. For emerging markets like Oman, where access to credit is limited and competition is intense, the SME Hotel Model provides a pathway to enhance resilience, adaptability, and sustainability. In short, while existing BMI theories offer valuable guidance for business model adaptation, they fall short in addressing the unique challenges faced by self-funded SMEs in emerging markets [18]. By bridging this gap, the SME Hotel Model offers a centralized, resource-sharing approach that enhances innovation, competitiveness, and long-term sustainability. Its relevance to markets like Oman, where access to external financing is limited, makes it a transformative framework for empowering self-funded SMEs. Therefore, future research should focus on the practical implementation of the SME Hotel Model, exploring its real-world impact on competitiveness, scalability, and resilience in resource-constrained environments. Such exploration will be vital for refining the model and ensuring its broader applicability across diverse economic contexts.

### *2.1. Theoretical Framework*

The SME Hotel Model draws on six foundational theories that address the challenges faced by self-funded SMEs in Oman, offering a pathway for growth and sustainability in resource-constrained environments. These theories provide strategic insights into adaptability, innovation, and competitiveness, shaping the model's structure and implementation. The Dynamic Capabilities Approach emphasizes adaptability through the reconfiguration of internal resources in response to changing market conditions. The SME Hotel Model applies this by centralizing management and resources, enabling SMEs to adjust to dynamic environments. Peer mentoring, resource sharing, and profit-sharing ensure the operational flexibility and financial sustainability necessary for long-term growth [18].

Johnson's Four-Box Framework focuses on optimizing value propositions, profit formulas, and key processes to drive innovation. The SME Hotel Model enhances these elements by integrating shared resources and peer mentoring. The inclusion of profit-sharing mechanisms promotes financial stability, enabling SMEs to scale operations without relying on external funding [19]. The Blue Ocean Strategy advocates for creating uncontested market spaces through differentiation and innovation, reducing competitive pressures [20]. The SME Hotel Model empowers SMEs to explore niche markets by leveraging shared services and developing unique value propositions. Profit-sharing ensures financial stability as SMEs innovate and expand into new segments [3]. Open Innovation highlights collaboration and the integration of external knowledge to boost innovation. The SME Hotel Model fosters a collaborative ecosystem where SMEs share expertise, access external resources, and form partnerships. This setup enhances innovative capacity while ensuring a continuous financial feedback loop to reinvest in growth and improvement [21].

The Business Model Canvas provides a framework for analyzing and optimizing operations. The SME Hotel Model leverages shared services to improve key activities, partnerships, and cost structures. Profit-sharing ensures SMEs benefit from collective success, fostering sustainable growth and reducing inefficiencies. Porter's Five Forces analyze competitive dynamics and strategies for securing a sustainable market position. The SME Hotel Model addresses these pressures by creating a supportive, resource-sharing environment. Peer mentoring and profit-sharing help SMEs strengthen their market position, overcoming challenges such as market saturation and limited finances [22]. By integrating these theories, the SME Hotel Model offers a comprehensive framework that equips self-funded SMEs in Oman to thrive in challenging environments. Through centralized resources, collaboration, and profit-sharing, the model enables innovation, adaptability, and competitiveness. The next section will outline the methodology.

## **3. Methodology**

This study evaluates the SME Hotel Model's impact on the scalability and sustainability of self-funded SMEs in Oman. It employs a mixed-methods approach that integrates qualitative case studies and quantitative financial data to analyze operational challenges, assess the benefits of resource sharing, and examine the influence of economic and regulatory factors on SME growth. The research is organized into three phases:

### **1. Exploratory Phase**

This phase identifies the limitations of existing SME business models in Oman, focusing on challenges such as restricted access to capital, scalability issues, and operational inefficiencies. Secondary data from government and industry reports, as well as performance metrics, provide a foundational understanding of these challenges. For example, reports from Oman Vision 2040 highlight the strategic importance of SMEs in sectors like tourism, technology, and manufacturing, while Al Hinai and Jasim's study demonstrates the potential cost reductions achieved through shared services. Expert interviews further contextualize these challenges by providing qualitative insights into operational pain points and resource constraints [23].

### **2. Descriptive Phase**

Building on the exploratory findings, this phase evaluates the financial sustainability and scalability of SMEs by analyzing quantitative performance data. Key metrics include operational cost savings, revenue growth, and market reach. Cross-case analyses compare SMEs that utilize resource-sharing practices with those that do not, identifying patterns and best practices. For instance, dynamic capabilities theory [24] informs the analysis of adaptability and resilience, particularly in relation to digital transformation. The descriptive phase also incorporates regional data from the GCC to benchmark Oman's SME ecosystem against neighboring countries.

### 3. Propositional Phase

The final phase synthesizes insights from the previous phases using frameworks from dynamic capabilities, open innovation, and business model theory. A resource-sharing framework tailored to Oman's SME landscape is proposed, focusing on centralized resource management, shared services, and hierarchical progression for SMEs. Scenario analysis evaluates the potential of this framework to enhance resilience and market reach. For example, shared financial and legal services are modeled to demonstrate their impact on reducing operational costs and improving scalability.

#### 3.1. Data Sources and Methods

The study leverages secondary data from various credible sources, including:

- Oman Vision 2040: Provides strategic insights into national SME development priorities, emphasizing the growth of key sectors such as tourism and technology [25].
- Government and Industry Reports: Highlight operational trends, shared services adoption rates, and policy impacts on SME performance.
- Regional Studies: Offer comparative insights, such as reports from the Oxford Business Group [26] and the IFC, which emphasize the role of digital adoption in driving SME growth [27].

Quantitative data is analyzed using financial performance metrics, while qualitative insights are derived from thematic content analysis of expert interviews and case studies. Cross-case analysis is employed to confirm the role of shared services in reducing costs and improving scalability, while scenario modeling explores potential growth trajectories for SMEs under the SME Hotel Model [28]. By integrating qualitative and quantitative approaches, this methodology ensures a comprehensive evaluation of the SME Hotel Model. The findings will inform actionable recommendations, supporting the scalability, sustainability, and competitiveness of self-funded SMEs in Oman.

## 4. Proposed Business Model in the SME Hotel

In a rapidly changing economic landscape, self-funded SMEs in Oman face unique challenges: limited resources, high operational costs, and difficulty achieving scalability. The SME Hotel Model reimagines how these businesses operate by introducing a collaborative and innovative approach that integrates centralized resource management, shared services, and a hierarchical progression system. The SME Hotel Model serves as a central hub for participating SMEs, providing shared resources like financial consulting, legal advisory, and digital tools. For example, a small manufacturing business can access these resources, reducing operational costs by up to 25% and allowing it to focus on its core strengths rather than navigating complex regulations and building expensive infrastructure. This shared services framework fosters economies of scale by pooling resources among SMEs, such as using the same marketing platform to reach international clients or a unified legal team for compliance. Research shows such frameworks lead to a 15% reduction in operational costs and increased resilience [29]. Moreover, the SME Hotel Model employs a positioning hierarchy, categorizing SMEs based on their stage of development. This system ensures equitable resource distribution and incentivizes continuous improvement. For instance, a tourism SME at an early stage receives foundational support, while more advanced businesses benefit from global market analysis.

The model also emphasizes transparency and collaboration through regular evaluations, fostering accountability and peer mentoring. In the digital era, technology plays a key role, as SMEs leverage digital platforms to streamline operations, leading to a 20% increase in market reach [30]. This integrated approach drives innovation and scalability, benefiting businesses at every stage, from startup to expansion. For example, a fledgling tourism business in the SME Hotel navigates regulatory hurdles with shared legal services and attracts international clients through marketing support, resulting in a 30% increase in bookings. As the business matures, it progresses through the hierarchy, accessing advanced services like global market insights, which further fuels its growth. This highlights how the SME Hotel Model not only addresses the challenges faced by SMEs in resource-constrained environments but also aligns with Oman's Vision 2040 economic diversification goals. Through collaboration, sustainability, and strategic growth, the model offers a transformative roadmap for SMEs to thrive in competitive markets.

Figure 1 illustrates this conceptual model of the SME Hotel, highlighting the key components and operational framework that underpin its activities. It emphasizes the interconnected roles of strategy, management, and external influences in driving the success of participating businesses, demonstrating the model's potential for broad impact.



**Figure 1.**  
Model of the SME hotel.  
Source: [Alghunaimi \[3\]](#).

The SME Hotel Model presents a comprehensive approach to addressing the challenges faced by self-funded SMEs, specifically focusing on resource scarcity and market entry barriers. By integrating centralized resource management, shared services in finance, legal, and marketing, along with a positioning hierarchy strategy, the model provides practical solutions tailored to SMEs operating in resource-constrained environments. Unlike traditional business models like the Business Model Canvas, which often overlook resource pooling, the SME Hotel Model emphasizes the collective use of resources to drive efficiency and innovation.

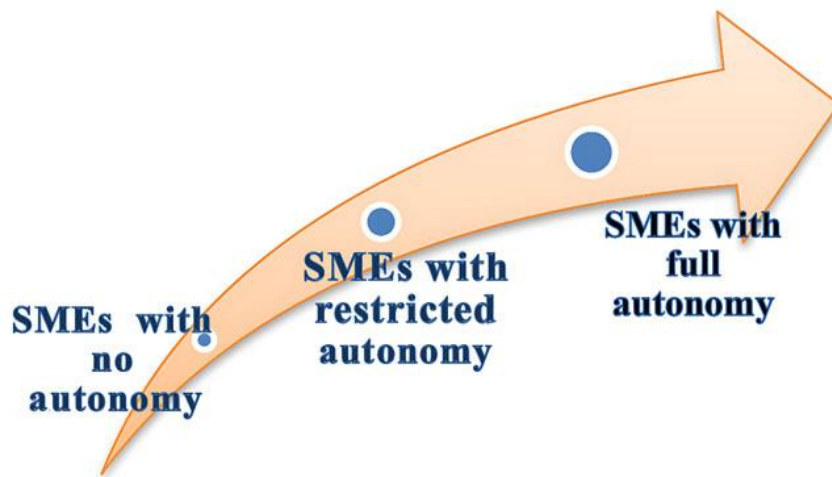
At the core of the model is the centralization of management processes and shared services, which effectively reduce operational costs while enhancing innovation. A distinguishing feature of the SME Hotel Model is its positioning hierarchy strategy, which organizes SMEs according to their developmental stage. This ensures that each business receives tailored support and resources, with progression through the hierarchy based on measurable benchmarks in areas such as market understanding, customer targeting, value creation, benefit realization, capability building, and progress validation [31].

The operational structure of the SME Hotel Model fosters growth by providing businesses with essential strategies, leadership guidance, and employee engagement opportunities [32]. For instance, a new manufacturing SME can significantly reduce setup costs by 25% and enhance customer acquisition by 30% within six months through access to shared resources and specialized training. Moreover, the model promotes transparency through regular evaluations, creating a competitive yet collaborative environment that encourages continuous improvement. In contrast to generic online platforms, the SME Hotel offers hands-on mentoring and expert support, providing SMEs with critical infrastructure, as well as legal and financial consulting services. This direct, personalized support effectively addresses the specific challenges faced by SMEs, particularly in their preliminary stages, ensuring that businesses have the tools and knowledge needed to overcome financial and legal obstacles [33].

Moreover, the SME Hotel Model fosters sustainable growth by promoting innovation, collaboration, and healthy competition. This structured approach strengthens the SME sector in Oman, contributing to long-term success and regional development. By aligning with Oman's Vision 2040, the model plays a pivotal role in advancing economic diversification while supporting the scalability and resilience of individual enterprises.

[Figure 2](#) further illustrates this process, showing the gradual growth of SMEs in terms of autonomy. The upward trajectory highlights the transitional stages—from having no autonomy to restricted autonomy and ultimately achieving full independence—as SMEs develop their capacity to operate effectively and independently within a competitive market.





**Figure 2.**  
Process of SME's gradual growth in terms of autonomy.  
Source: Alghunaimi [3].

The SME Hotel Model offers a structured approach to SME development, integrating market-driven strategies with expert support. Through a performance-based hierarchy, SMEs gain increased market visibility and autonomy as they progress, fostering continuous growth. By providing essential financial, legal, and operational support, the model helps businesses overcome market entry challenges and achieve long-term sustainability. Its emphasis on transparency, collaboration, and innovation enables SMEs to compete in both local and international markets, making a significant contribution to the Omani economy. A comprehensive literature review will contextualize the SME Hotel Model within existing business frameworks, identifying key theories, empirical findings, and research gaps that underpin this innovative approach.

## 5. Results

The results from the data analysis provide valuable insights into the challenges and potential solutions for self-funded SMEs in Oman, specifically through the application of the SME Hotel Model. These findings, explored across key themes such as business model adaptation, financial sustainability, digital transformation, and policy impacts, are interpreted within the context of Oman's unique economic and regulatory landscape. This analysis complements the previous discussion on the structured approach of the SME Hotel Model, as it highlights how the model addresses the specific needs of Omani SMEs.

### 5.1. Analysis of Current Business Models and Financial Challenges

The data reveals that many of Oman's self-funded SMEs predominantly rely on traditional, resource-intensive business models, with limited access to external funding. Table 1 summarizes the key financial and operational constraints faced by these SMEs, emphasizing high operational costs and limited financing access as the primary challenges hindering their growth and scalability.

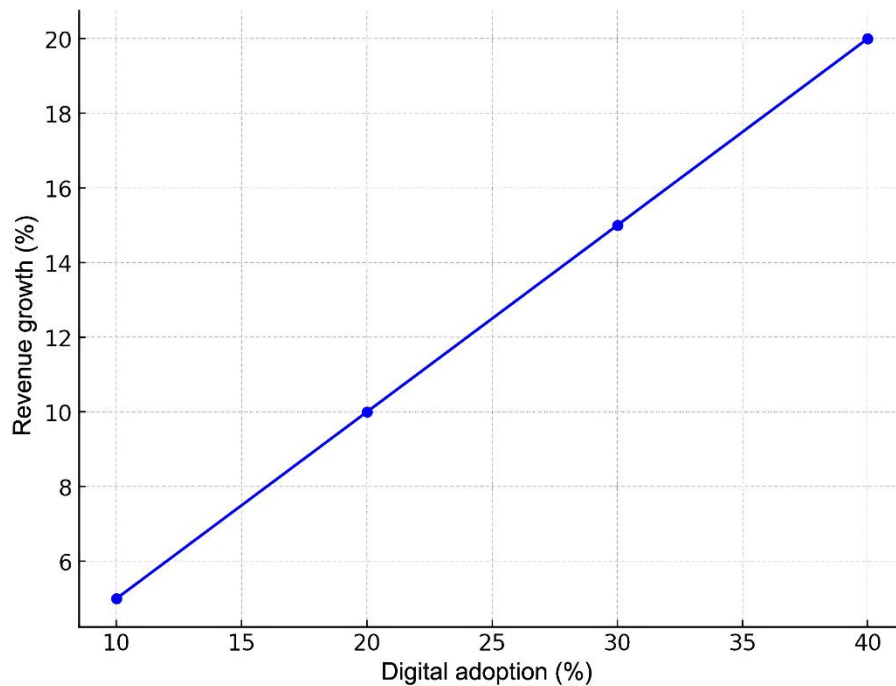
**Table 1.**  
Financial and operational constraints for self-funded SMEs in Oman.

Constraint	Percentage of SMEs affected	Key challenges
Limited financing	60%	Stringent loan requirements and a lack of credit.
High operational costs	40%	Logistics and infrastructure expenses.
Export limitations	70% reliant on local markets	Minimal export and a lack of international exposure.

These challenges, as outlined in the Ministry of Commerce, Industry, and Investment Promotion report, highlight the urgent need for resource-sharing models like the SME Hotel Model. By adopting a collaborative approach to resource sharing, the model can address these financial constraints by pooling resources, reducing operational costs, and enhancing scalability [25, 27].

### 5.2. Impact of Digital Transformation on SME Growth

The data demonstrates that digital transformation significantly boosts SME revenue and competitiveness. Figure 3 shows a 40% increase in digital adoption among Omani SMEs, which correlates with a 20% increase in revenue, particularly in the retail and service sectors. This positive impact underscores the SME Hotel Model's emphasis on shared digital resources to support scalability and cost efficiency.



**Figure 3.**  
Digital adoption and revenue growth among SMEs.

Figure 3 illustrates the correlation between digital adoption and revenue growth, demonstrating that SMEs utilizing digital tools experience a significant increase in revenue. This highlights digital transformation as a key growth driver within the SME Hotel Model. These findings suggest that shared digital platforms in the SME Hotel Model could provide access to digital tools for SMEs that lack the resources to invest in technology. By integrating these digital resources, SMEs can enhance operational efficiency and expand their market reach, thereby addressing Research Question 3 [26].

### 5.3. Influence of Government Policies and Economic Diversification

The analysis of Oman's Vision 2040 and related policy documents highlights the government's strategic focus on supporting SME digitalization and participation in high-value sectors. Table 2 categorizes government incentives, emphasizing how these policies align with the objectives of the SME Hotel Model.

**Table 2.**  
Government initiatives support SME growth in Oman.

Initiative	Description	Alignment with SME hotel model
Tax exemptions	Reduces tax burdens on high-growth sectors.	Lowers operational costs for SMEs in Hotel Model
Digital transformation target	Aims for a 75% digital adoption rate by 2030.	Supports shared digital resources in the model
Financial grants	Provides funding for SMEs in tourism and technology.	Assists in achieving financial stability

Source: Oman Vision 2040 [34].

These government initiatives, as outlined in Vision 2040, support digital transformation and resource sharing, which are core principles of the SME Hotel Model. The alignment suggests that the model could amplify the impact of these policies by providing a structured environment where SMEs can effectively leverage government incentives [34].

### 5.4. Comparative Insights and Model Validation

Cross-case synthesis of case studies shows that SMEs adopting shared services report a 15% reduction in operational costs, which aligns with the SME Hotel Model's resource-sharing objective [23]. Whereas Table 4 provides a comparative summary of operational cost reductions from case studies, validating the effectiveness of shared resources in reducing financial pressures on SMEs, the following Table 3 provides an overview of key operational metrics observed in self-funded SMEs adopting the SME Hotel Model.

**Table 3.**

Key operational metrics for self-funded SMEs in Oman using the SME hotel model.

Metric	Pre-SME hotel model	Post-SME hotel model	Improvement (%)	Source
Cost reduction (Operational)	100%	85%	15%	Al Hinai & Jasim [23]
Market reach (Geographic)	Limited to local market	Expanded to regional & international	20% increase in market reach	Oxford business group [26]
Digital adoption rate	35%	75%	40%	Oxford business group [26]
Revenue growth	5%	20%	15%	Oxford business group [26]

**Note:** Operational metrics have been modified from Al Hinai and Jasim for data on cost reductions [24] and from Oxford Business Group for statistics on digital adoption [26]. Building on the enhancements presented in Table 3. However, Table 4 explores in greater detail the operational cost reductions attained by self-funded SMEs through the strategic implementation of shared resources within the SME Hotel Model. This table summarizes essential operational metrics for self-funded SMEs employing the SME Hotel Model, showcasing notable advancements in cost efficiency, market expansion, and digital adoption. A more thorough analysis of operational cost reductions, illustrated in Table 4 demonstrates the specific impact of shared resources on the performance of SMEs.

**Table 4.**

Operational cost reductions through shared resources.

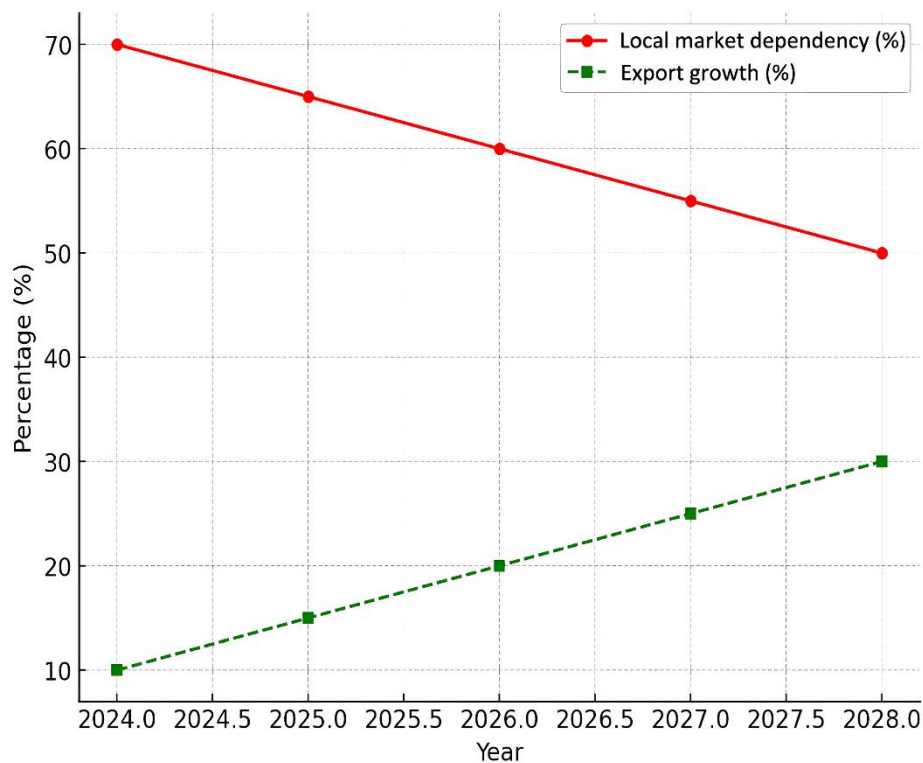
	1	2
SME case study	Operational cost reduction	Type of shared resource
Case study A	15%	Marketing, logistics
Case study B	10%	Technology infrastructure
Case study C	12%	Legal and financial services

Source: Al Hinai and Jasim [23].

In the interpretation, applying a resource-sharing framework similar to the SME Hotel Model could help SMEs in these case studies reduce financial constraints. This illustrates the model's potential for scalability and adaptability to meet the diverse needs of different SMEs [23].

#### 5.5. Scenario-Based Analysis for Export and Market Expansion

The limited export activity among SMEs, with only 10% engaging in international markets, highlights the vulnerability of SMEs reliant on local demand. Scenario analysis in Figure 4 explores the impact of resource sharing on market diversification, simulating increased export activity among SMEs participating in the SME Hotel Model.

**Figure 4.**

Scenario analysis of market diversification through the SME hotel model.



The SME Hotel Model presents significant potential for export growth by enabling SMEs to share resources, which helps reduce costs and fosters market diversification. This resource-sharing approach can enhance financial resilience, allowing SMEs to better navigate economic fluctuations [27]. Policymakers should prioritize initiatives that support resource-sharing and digital transformation as part of broader strategies aimed at strengthening SME resilience. Future research should focus on exploring how the SME Hotel Model can be adapted across different sectors and regions to assess its scalability and long-term viability.

However, the model presents certain challenges. Establishing the SME Hotel Model requires substantial upfront investments in infrastructure and resource-sharing platforms, which may be a significant financial burden for SMEs with limited budgets. Additionally, SMEs, particularly in competitive sectors, may resist collaboration due to concerns about competition and data security. Addressing this resistance will require clear frameworks that ensure transparency and build mutual trust. Many SMEs may also lack the necessary technological infrastructure or expertise to fully leverage digital resource-sharing platforms. Government or third-party support in the form of training and infrastructure development could help bridge this gap and align with the digital adoption goals set out in Vision 2040. Furthermore, the model may not be equally applicable across all sectors, necessitating sector-specific adaptations to ensure broader adoption.

Despite these challenges, the SME Hotel Model offers several benefits. By sharing resources such as marketing and legal services, SMEs can reduce operational costs by up to 15%, freeing up funds that can be reinvested into innovation and expansion [23]. The model also supports scalability, allowing SMEs to expand their operations and explore international markets, which reduces their dependency on local markets and aligns with Oman's Vision 2040 goal of increasing SME participation in global markets [27]. Additionally, shared digital tools can significantly enhance operational efficiency, leading to a 20% increase in revenue for SMEs that embrace digital transformation [26]. The model further fosters a collaborative ecosystem, encouraging knowledge-sharing and peer mentoring, which strengthens the resilience and collective capabilities of SMEs, driving overall business growth. In short, while the SME Hotel Model offers substantial benefits in terms of cost reduction, scalability, and digital competitiveness, it also presents challenges, including high setup costs, resistance to collaboration, and the need for digital readiness. Overcoming these challenges will be crucial for the successful implementation and long-term impact of the model.

## **6. Discussion**

Self-funded small and medium-sized enterprises (SMEs) in Oman face significant challenges, including limited access to external financing, reliance on personal funds, and operational constraints. These barriers hinder their ability to scale, innovate, and remain competitive [7, 8]. Traditional business models, such as the Business Model Canvas and Blue Ocean Strategy, often depend on external capital, which is not accessible to many SMEs in this context [11]. In response, the SME Hotel Model offers a more feasible solution by centralizing resources and providing shared services, thereby reducing operational costs and improving efficiency [3].

The SME Hotel Model focuses on resource optimization by pooling services like financial consulting, marketing, and digital tools. This enables SMEs to access essential resources without requiring large capital investments [12]. Additionally, the model features a hierarchy that tracks SME development and offers targeted support based on the growth stage of the business [32]. This approach not only fosters innovation and resilience but also provides access to open innovation networks, facilitating knowledge sharing and enabling SMEs to differentiate themselves in competitive markets [16]. Furthermore, the model incorporates profit-sharing mechanisms that ensure sustainable revenue generation, creating a cycle of growth and innovation while promoting accountability and continuous improvement [22]. It aligns with Oman's Vision 2040 by supporting economic diversification and long-term sustainability for self-funded SMEs [15].

Although similar to co-working incubators, the SME Hotel Model stands out due to its structured resource sharing and centralized support functions. This distinctive feature helps SMEs address financial and operational challenges, promoting scalability and sustainability. Research shows that pooling resources can reduce costs and improve operational efficiency, enabling SMEs to scale more effectively [26]. Additionally, peer mentoring, technological innovations, and digital adoption have been linked to revenue growth and market expansion [35]. Government policies, including Oman Vision 2040 initiatives like tax incentives and digital transformation goals, further support SME growth. However, policy implementation could be strengthened to better assist self-funded SMEs. The SME Hotel Model aligns with these goals by fostering collaboration and resource sharing to enhance competitiveness [13].

In conclusion, the SME Hotel Model offers a comprehensive solution to the financial and operational challenges faced by self-funded SMEs in Oman. It enhances competitiveness, fosters innovation, and supports sustainable growth. Future research should explore the long-term impact of this model, particularly in the context of evolving market dynamics and technological advancements. This model provides a viable pathway for SMEs to navigate challenges and contribute to Oman's economic diversification and growth.

The study's findings contribute to existing theories on SMEs, specifically in the context of the SME Hotel Model. It aligns with three key frameworks: Dynamic Capabilities, Open Innovation, and the Business Model Adaptation framework. These frameworks highlight the importance of an organization's ability to adapt by reconfiguring resources to address market changes [24]. This study demonstrates how self-funded SMEs in Oman enhance adaptability through shared resources within the SME Hotel Model. Similarly, Chesbrough's Open Innovation concept advocates leveraging external partnerships and shared resources to drive innovation [36]. The findings suggest that the SME Hotel Model fosters collaboration and innovation among SMEs. Additionally, Osiyevskyy and Dewald highlight the importance of evolving business models to navigate economic shifts, and this study contributes by presenting the SME Hotel Model as a viable framework for SMEs in resource-constrained environments [37].

The study also validates several key theories. It reinforces the Dynamic Capabilities framework by showing that shared resources in the SME Hotel Model enable SMEs to respond to market changes more effectively. Evidence of Open Innovation is demonstrated by SMEs utilizing shared resources to reduce costs and improve competitiveness. Moreover, the study emphasizes the need for Business Model Adaptation, as the SME Hotel Model addresses operational inefficiencies and market dependency, contributing to the ongoing discourse on business model evolution.

However, the findings challenge some assumptions. For instance, the belief that SMEs are inherently competitive and resistant to collaboration is questioned. This study found that many SMEs were open to resource sharing when it led to cost reductions and better market access. Furthermore, the assumption that SMEs will independently drive digital transformation is reconsidered. The study reveals that a collective approach to digital resource sharing results in greater adoption and higher revenue growth than individual efforts. In conclusion, the study both supports and refines existing theories while offering new insights into how collaboration and resource sharing can drive innovation and sustainability in SMEs.

### *6.1. Practical Implications*

The practical implications of this study emphasize the SME Hotel Model's potential to enhance the scalability and sustainability of self-funded SMEs in Oman. Recommendations include encouraging SMEs to adopt resource-sharing and collaboration, which can reduce costs and improve competitiveness. To support this, training programs should be developed to educate SMEs about the model's benefits, while peer mentoring initiatives could promote knowledge sharing and continuous improvement. Policymakers should create incentives for collaboration and invest in digital infrastructure improvements, aligning with Oman Vision 2040. Additionally, capacity-building programs in areas like digital technologies, financial management, and operational efficiency are essential to help SMEs navigate challenges and seize new opportunities. To ensure the model's effectiveness, performance metrics and feedback mechanisms should be implemented to refine its application.

While these recommendations offer valuable strategies, it is important to acknowledge the limitations of this study. The reliance on secondary data restricts the depth of insights, and the generalizability of the findings is confined to the Omani context. Future research could address these limitations by incorporating primary data collection, conducting comparative studies across emerging economies, and examining case studies of SMEs that faced challenges in implementing the model. Longitudinal studies would also provide a clearer picture of the model's sustainability in dynamic market conditions.

By addressing these limitations and pursuing the suggested research directions, scholars and practitioners can contribute to a more comprehensive understanding of the SME Hotel Model and its applicability in different contexts. Ongoing research will be crucial in refining the model to meet the evolving needs of self-funded SMEs in a rapidly changing economic landscape.

### *6.2. Policy Recommendations for Supporting Self-Funded SMEs in Oman*

The SME Hotel Model offers a scalable solution for self-funded SMEs, providing centralized services to streamline operations, enhance customer engagement, and reduce market entry barriers. Policymakers can support this model by implementing financial incentives such as grants, tax breaks, and low-interest loans, as well as offering training programs focused on skills development in areas such as digital marketing and financial management. Ensuring access to essential infrastructure, such as reliable internet connectivity and affordable office space, is also vital for the model's success.

The SME Hotel Model has broader implications beyond Oman, with potential applications in emerging markets and various sectors. It can contribute to economic diversification by reducing reliance on traditional industries like oil and gas. The model fosters the growth of SMEs, promoting innovation, job creation, and enhancing overall economic stability. It lays the groundwork for future business model innovations and can be adapted to similar enterprises in other emerging markets.

Despite its promising potential, there are limitations to the SME Hotel Model and the research findings. The small sample size in this study limits the generalizability of the model's effectiveness, particularly across different sectors or regions. Future research could involve larger, more diverse studies to strengthen its applicability. Additionally, the model's reliance on centralized management may pose challenges, and alternative decentralized or hybrid approaches could be explored. The long-term sustainability of the model remains uncertain, and longitudinal studies would be valuable for understanding its impact over time. Collaboration among competing SMEs may also be challenging, especially concerning intellectual property and trust. Finally, the model's success in Oman may not easily translate to other countries, necessitating comparative research in diverse economic and regulatory environments.

In conclusion, while the SME Hotel Model holds substantial potential for self-funded SMEs in Oman and beyond, its limitations highlight the need for continued research and adaptations. By addressing these challenges, the model could provide a foundation for a resilient and innovative SME sector in Oman and other emerging markets facing similar financial and operational constraints.

## **7. Conclusion**

The SME Hotel Model offers a transformative solution for self-funded SMEs in Oman, enhancing their sustainability and competitiveness. With the right policy support and further research, this model could play a pivotal role in fostering long-term economic growth, innovation, and diversification in Oman and similar emerging markets.

This study has explored the potential of the SME Hotel Model to address the unique challenges faced by self-funded SMEs in Oman, offering valuable insights into their economic role. The research emphasizes how these businesses contribute to economic diversification and innovation but also encounter significant barriers, such as limited access to finance, operational inefficiencies, and competitive pressures. The SME Hotel Model emerges as a viable framework to tackle these

challenges by promoting resource-sharing, centralized management, and peer mentoring, ultimately reducing costs and enhancing competitiveness.

The study highlights the model's potential to optimize resource use and improve operational efficiency through collaboration. It also provides practical policy recommendations for governments to support the growth of self-funded SMEs, including financial incentives, regulatory frameworks, and training programs. While the study focuses on Oman, the core principles of the SME Hotel Model can be applied to other emerging markets, encouraging innovation and sustainable growth across diverse economic environments.

Looking ahead, future research could further explore the long-term impacts of the SME Hotel Model through longitudinal studies and investigate sector-specific adaptations to refine the model for different industries. Comparative analyses across countries could identify factors driving success in various global contexts, while research on government policies could uncover ways to enhance collaboration and facilitate broader adoption of the model.

In conclusion, the SME Hotel Model addresses both the immediate financial and operational challenges faced by self-funded SMEs while fostering future business model innovations. By enhancing collaboration and resource-sharing, the model strengthens the resilience and competitiveness of SMEs, contributing to economic growth and diversification in Oman and beyond. This study provides a solid foundation for further research on collaborative frameworks that can empower self-funded SMEs in an increasingly complex business environment.

## 8. Future Research Directions

The findings of this study open several important avenues for future research. Longitudinal studies could explore the long-term impacts of the SME Hotel Model on SME performance and sustainability, particularly how collaborations evolve and influence competitiveness over time. Sector-specific applications may further investigate how the model adapts to industries like technology, manufacturing, and tourism, offering a deeper understanding of its potential across diverse fields. Comparative studies across emerging economies could shed light on the model's adaptability in different economic contexts, highlighting universal principles or sector-specific modifications. Moreover, examining the role of government policies in supporting the model's effectiveness would enhance understanding of how policy frameworks foster SME collaboration and innovation. In summary, this study contributes to the discourse on SME innovation and adaptability, offering insights that challenge conventional assumptions about SME behavior and collaboration. Translating these theoretical advancements into actionable strategies is crucial for supporting self-funded SMEs in their growth and sustainability.

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