

# DETERMINANTS OF FOREIGN INVESTMENTS IN THE SULTANATE OF OMAN AND THEIR IMPLICATIONS FOR SUSTAINABLE DEVELOPMENT INDICATORS: AN ANALYTICAL STUDY IN THE CONTEXT OF OMAN VISION 2040

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## Abstract

In compliance with the global sustainable development goals, countries heavily dependent on resources like Sultanate of Oman are purposefully using foreign direct investment (FDI) in driving economic diversification. This paper analyzes the determinants of FDI in Oman from a qualitative perspective and measures their alignment with the strategic goals adopted in Oman Vision 2040, the country's national development plan. By means of a thorough examination of official policy documents, international reports (such as UNCTAD and World Bank), and the literature, it is found that, although Oman possesses strong traditional determinants such as political stability, sophisticated infrastructure, and modern laws and regulations, a missing strategic artillery was identified and placed as a critical gap. This gap is evident in the lack of convergence between such established 'hard' infrastructure advantages and the critical 'soft' infrastructure pre-requisites (e.g. a strong national innovation system, highly skilled labour force) necessary for attracting knowledge-intensive investments that directly contribute to sustainable development outcomes. The results indicate that there is a higher degree of alignment within the renewable energy private sector than compared with the advanced technology industry. The chapter ends by presenting strategic policy recommendations aimed at overcoming this gap and increasing Oman's ability to use FDI as a source of transformation towards the end objectives of sustainable development as conceived in its national vision.

**Keywords:** foreign direct investment, sustainable development, Oman Vision 2040, investment determinants, qualitative

## INTRODUCTION

In the age of global economic integration and input-output dynamism, FDI has emerged as an art of strategic as well as country code.svg-superpower building strategies for countries to achieve their development aspirations. FDI is no longer viewed as mere flow of capital; but rather a multi-dimensional vector wherein technology diffusion, superior management practices, best regulatory practices and linkages to global value chain in moving from one economy to other are facilitated [1]. At the same time, the concept of "sustainable development," such as that which is codified within the United Nations 2030 Agenda and its Seventeen Sustainable Development Goals (SDGs), is gaining international currency. The model goes beyond the idea of development or economic growth, and demonstrates a vision of the society, which seeks for a harmony of economic welfare, social equity and environmental integrity, and enables the current generation to satisfy its needs while not eroding the capability of future generations to satisfy its needs or deplete the resources and ecosystem [2].

In the case of the resourced-based political economy of the GCC's Sultanate of Oman, this relationship is even more complicated and arguably more critical. The two motivations at play here are for those countries, for which hydrocarbon wealth has formed the bread and butter for the scope of many decades, the long-run economic diversification in order to insure the country against the whims of energy prices (hence to ensure the financial and economic sustainability) and the one which further prescribes this diversification to be one of sustainable nature, that is not one, which would simply replace the dependence on a finite resource natural asset with another one of a maze of environmental

and social problems [3]. Regional studies also consider the GCC countries and have a sample of some diversity, but diversity dynamics should be faster following global trends, and foreign investment is the cause [4]. For the Sultanate of Oman, the case is introduced as a positive model for investigation. Oman Vision 2040 Vision 2040 in the Sultanate of Oman, designed to achieve "a diversified and sustainable economy that is globally competitive, based on technology, knowledge and innovation" [5]. Potentially 'quality FDI' constitutes to the foundation of this vision and the stock of FDI in the Sultanate has been at its highest level in the last few years with increasing confidence been reposed on the Omani investment climate [6]. So it is not the solution to grow that amount, the question is from where it comes that amount and not use it to, in terms of low added value productions and services, but to, use money where the use of that funds will have a dissemination of sustainability variables. Therefore, this is where the value of the present investigation comes, as it aims to explore it in depth- in the Omani context. Push and pull factors, among other things, can be analyzed to determine the successes and failures of empirical FDI attraction attempts. This will enable this evidence to support monitoring of the impact of these investments against the sustainable development indicators and understanding critically the gap between aspiration and reality. Just to say, everything you have asked me for is being driven by the "Oman Vision 2040", which is the broader and orienting framework according to which the country's projects are being developed, so that the research is a major input that they (the government) are taking into account, hopefully to contribute to an authentic national and strategic dialogue, both conceptually and at the practical level.

### Research Problem

Given the strategic importance that the Sultanate of Oman attaches to FDI promotion and the centrality of FDI in "Oman Vision 2040," the focus of this study is the Question of Research, which is essentially if there is an analytical mismatch as such between what that it is attracting today in its road to sustainable development and what will be required in terms of quality investments (FDI bodies) to achieve its sustainable development prospect. Now, the Sultanate is able to do so reasonably, to some extent, largely riding on the already known and the proven ingredients of maintainable political stability, part of the world, infrastructure development and so on, the issue to be pondered here is – are these factors in themselves sufficient enough to attract the required investment required to build a knowledge-based, smart and green economy as envisaged under the vision?

This issue can be seen in the distribution of FDI stock across sectors, with the oil and gas sector retaining the largest share of FDI stock in Oman. Although this sector continues to be important for the country's economy, further dependence on that as an attractive incoming investment might not necessarily contribute to the objectives of economic diversification and transitioning into new, high value added sectors. The international literature revealed that developing countries are confronted with the enormous challenge of allocating investments to sectors that are conducive to SDGs, and particularly in a context of the decline in global financing to these sectors. In other words, the research problem can be pointed out that a solid and contemporary in depth qualitative analytical study that examines how much is the compatibility between the 'supply' and its current determinants and the strategic 'demand' (Oman Vision 2040 's amb phylications)? The majority of those studies focus on either the investment determinants statistically or the review of the Vision's prayer descriptively, none tried to critically link the goals of the Vision with its investment determinants to investigate the gaps and challenges. This research aims to bridge this knowledge gap by addressing the question: if the factors making Oman an attractive investment destination at present the same factors that will lure sustainable and innovative investments in the future?

### Research Questions

According to the research problem provided above, the purpose of this study is to address the following main questions:

What are the main push and pull factors to Foreign Direct Investment (FDI) in the Sultanate of Oman in terms of its economic and institutional setting?

If the notion of 'sustainable development' has specific forms of foreign investment impacts, how does "Oman Vision 2040" perceive these manifestations?

How much does it congruent or discongruent the present determinants of the investment climate with the future vision goals?

### Research Objectives

In order to address these questions, the research aims are as follows:

- To determine and evaluate the key drivers of Foreign Direct Investments (FDI) in Oman, -  
evaluate the strengths and weaknesses of the investment climate as it stands.
- To assess and analyze the view "Oman Vision 2040" perspective pertaining to the vision of the -  
role of foreign investment in promoting indicators of sustainable development among its components.

To Assess the extent of convergence or divergence between determinants of the current investment climate and the preconditions necessary to attract the type of investment that can deliver the Vision's project and identify policy recommendations to bridge this gap.

### Significance of the Study

This study is significant, therefore, in that it is multilateral in that Ouida enunciate not only an academic research question but also pneumatic requirements for Omani practioners. Its importance can be graphed in two general dimensions:

#### Theoretical Significance .1

**Contribution to Knowledge:** The Study aims to fill the perceived gap in the literature on FDI in Oman. Although there are plenty of literature analyze the determinants quantitatively, the economic impact in general, and this paper contribute to the qualitative study that might be imposing to explore more, which, of course, should explore further to see if it is abide still or not: investigate the strategic fit between investment environment and long term sustainable development on a country.

**Providing a Valuable Case Analysis:** The study offers a useful analysis to resource-based economies that are undertaking an aggressive restructuring plan. Analysing Oman's trajectory under the lens of Vision 2040 can provide lessons learned that may be applicable to country specialists and policy makers in other national contexts.

**Theoretical and Practical Contributions:** The study connects liberal approaches of FDI propensity to the practical relevance of a national vision, contributing to our understanding of the role of economic theory on the wider national aims and objectives of states.

#### Practical Significance .2

**Policy:** The findings of this research are expected to have implications for policy and for investment promotion bodies in Oman. The research can act in the direction of showing future policies the way to go regarding the current determinants of investment and those which are required for the Vision to make them better in attracting quality investments of the "right type".

**Strategic Implications:** The investigation provides a diagnostic tool for assessing impact of the current investment climate through the lens of not only capital investment, rather capital investment on backing the national sustainable development agenda.

Advising Foreign Investors Advice to foreign investors Here we included the foreign investors as also the other stakeholder can get some information about the strategic directions for the development of the national economy of the Sultanary of Oman and make them better in addition to the conclusion which deflate with the strategic directions of stake holders and strategic planned This paper help to know and understand what are the Omani economic strategic directions and the national priorities and thus compare it with their own project to investigate that the stakeholders are aware of all the "Oman Vision 2040".

## CHAPTER TWO: THEORETICAL AND CONCEPTUAL FRAMEWORK

This chapter tries to establish the theoretical background and conceptual dimensions on which the study would be based to discuss and analyze the factors determining FDI in the Sultanate of Oman and its implications on sustainable development. It will then dissect the drivers of foreign investment 'flows' having first introduced the principal theories of foreign investment decisions.

### Theoretical Literature on the Determinants of Foreign .2.1

Firms expanding beyond the borders of their home country and making foreign investments have been used as case studies in understanding several economic theories that claim an explanation of why they undertake foreign direct investment (FDI). The OLI ParadigmPerhaps, the most embracing and accepted theoretical perspective in the literature is the Eclectic Paradigm, which has been theorized by John Dunning. The model suggests that the decision of a firm to invest directly abroad is determined by the interaction of three kinds of advantages: [7].

**Ownership-Specific Advantages (O):** These are the firm specific competitive resources that provide a firm superiority over local competitors in the host country. These resources could include patents, superior technology, strong brand, managerial and organizational capabilities, and unique resource access. .1

**Localised Benefits (L):** They refer to the friendly attributes of the host country (Sultanate of Oman), etcemma. These benefits can make the location more attractive for production than the home country or any other country. They are critical for a host country to be able to attract FDI. .2

**Internaliz ation Benefits (I):** These are far too numerous to name, but they are about why a firm would prefer to internalize its ownership-specific advantages (i.e., open a branch or a subsidiary) .3

rather than sell or license these to another host-firm. Those barriers are frequently placed to protect knowledge and technology, lower transactions costs, and maintain quality control.

Drawing on this basic framework, the empirical research has concentrated on the identification and investigation of the location-specific advantages (L), since these are factors which the policy makers in the host country are able to influence to encourage FDI. Many studies have put these determinants into main categories which can be considered as an analytical framework [8]:

**Macroeconomic Determinants:** Factors that represent market size and opportunity for growth, such as P size, growth rate and level of economic stability (low and stable inflation rates).

**Institutional and Governance Determinants:** Ranked amongst the most important determinants according to the extant literature, they encompass political stability, rule of law, property rights protection, control of corruption, and efficiency of government processes and bureaucracy [9].

**Policy Determinants:** This consists of the external policies of government that determine investor choices, the level of trade openness, corporate tax rate subsidies, tax deductions on interest payments, and the strength of environmental and social rules.

**Infrastructure and Readiness:** This group of determinants includes the quality of the physical infrastructure (such as ports or airports and telecommunications networks) and the “soft infrastructure” (such as the presence of a skilled workforce, technical skills): [10].

This model gives a solid base for the analysis of the Omani market, instead of just enumerating all factors in the environment, we can now actually understand the theoretical why investment location preference. The following section will therefore, critique the Omani FDI regime in the context of Oman’s location specific advantages to the extent of capacity fulfilment of the Vision 2020 objectives.

#### **Analytical Framework "Oman Vision 2040" .2.2**

It seems possible to announce that no discussion or review of FDI in Oman is complete without the background of the broad picture in which such nation’s development is placed. By this token, Oman Vision 2040 is the national document and the key to the portal opening onto the future. Underpinned by an ubiquitous social contract<sup>2</sup>, at its core, the Vision embodies a qualitative shift in Omani development thinking - from a focus on quantitative growth to an aspiration for diverse and sustainable development centring round human capital and well-being [7:3]. This study therefore does not see “Oman Vision 2040” as a simple statement of policy, but instead it sees this document as the base and framework in our analysis and assessment of the determinants of FDI and its impact on the SD indicators. For this purpose, an overview about the four Vision buildings is given and their strategic goals—directly or in directly contributing to the investigated research—are described. In this respect, these objectives will form the available framework by which to consider the “implications” of FDI.

#### **The “People and Society” Pillar: Constructing Absorptive Capacity .1**

This pillar is that of “realising a creative citizenry” and of “believing in one’s identity and the quest for citizenship, innovation and global development competitiveness” [5]. Economically, priorities in this pillar focuses on creating and improving the Absorptive Capacity of the Omani society and the economy. Economic literature has recognized that such FDI effects, particularly with regard to technology and knowledge transfer, are not inexorably realized and depend on the presence of a skilled human capital able to master, absorb, adapt, or produce such knowledge (10). The Vision transforms this into explicit visions such as having a world-class education system, fostering scientific research and innovation as well as establishing strong healthcare system etc. Thus the development objectives of this pillar, which can provide the appropriate national skills and expertise required to direct and fly quality Foreign Direct Investment (FDI) and Key Driving Sector projects, have a direct bearing on the sustainable socio-economic development FDI should aim to achieve.

#### **The “Economy and Development” Pillar: The Primary Enabler for High -Quality Investment .2**

This pillar is closest to FDI, which entails features of the preferred economic model. The next is the pillar “Realizing Competitive Integration economy with 4IR [5]. This ulterior objective is equally translated into specific strategic objectives that dictate the requirement for a specific “quantity” of investments, for example:

Economic Diversification and Fiscal Sustainability: Higher contribution of non-oil sectorial to GDP and key prioritized sectors with a comparative advantage in advanced manufacturing and processing, agro-allied, food security, renewable energy, and transportation & logistics.

#### **Encouraging the Role and Growth of the Private Sector and Improving the Business -**

**Environment:** The Vision focuses on creating a favorable investment environment and simplifying the legislations and procedures, in order to attract all kinds of investments, local or foreign to the Sultanate.

**Knowledge and Innovation Economy:** The Vision aims to attract investment that contributes to the knowledge economy and technology content, and it promotes creating a national research and innovation ecosystem.

This pillar makes it clear that the Sultanate of Oman is not simply interested in luring any form of investment, but investment that will help structure the economy in the transition towards more advanced and sustainable lines of operations.

**The Third Pillar: “Governance and Institutional Performance”:** “contributing to shaping the enabling environment”: This pillar underlines the dedication to have a “state apparatus with good governance and rule of law.” Its objectives have a direct bearing on the “institutional determinants” of FDI, which are among the top priorities for serious, long-term investors. “All good businesses who want to make quality investments, particularly in technology and innovation, are more attracted to stable, law-abiding jurisdictions with an efficient judiciary and open and transparent dealings with government. “The Vision” is not only limited to legislative construction, rationalization of governmental organs or advocacy for public-private partnerships, but is also an element of the methodology of insuring an environment favorable to investment that would allow the attraction of investments and the realization of sustainable investment inflows.

Pillar "Sustainable Environment" and specifically The State of the Investment Incentive  
**Environmental Standards:**

This form of foundation builds environmental sustainable as a national issue and focuses on establishing "efficient, sustainable and robust ecosystem that protect the environment and preserve Its natural resources to support national economy". [5]. This pillar establishes a structure for the environmental standards new investments will need to meet. It specifically encourages green investment, implementation of clean production technologies and involvement in the Sultanate’s ambition for carbon neutrality by 2050. So, in other words, this is where this pillar in this analysis gives us context: the discussion is no longer only about bringing investors, we need to bring a kind of investment that will help meet environmental sustainability objectives, and does not support patterns of “growth at any price”.

These pillars taken together provide an operative (though national) concept of sustainable development for Oman. We will use them as the frame of reference to assess the implications of Foreign Direct Investment in the next chapters.

### CHAPTER THREE: RESEARCH METHODOLOGY

The methodological frame used for this research is discussed in this chapter. This encompasses defining the research design used, explaining the data collection tool and data sources used, and providing analysis plan descriptions.

#### 3.1. Research Design

The assumed analytical framework In order to address the research questions and support the aim and objectives, Qualitative Analysis Approach is engaged here and the qualitative analytical approach is chosen for this research. This design is selected as this design is the most appropriate to the nature of the research problem that is a need to comprehend, interpret and to analyze a complex and an interrelated phenomenon and not to test the statistical association between variables: how much the factors contributing to Foreign Direct Investment (FDI) in the Sultanate of Oman are in line with the strategic objectives of Vision 2040 [12]. Contrarily to a quantitative study indexing in the countable impact, the qualitative approach allows the investigator to dive into the context and to reflect on how to interpret texts, to capture the official speeches and to elaborate a rational, critical account on the basis of the extrapolation of evidence from original sources. The agenda here is not to predict what will come, but to explain and to assess, which requires analytic tools that are capable of dealing with non-numeric data as well as revealing the deeper meaning of things found in data [13]. This study employs the qualitative paradigm and the Document Analysis methodology. It is said to be an analytical and assessment tool for paper; or electronic documents". This approach is not only powerful but an appropriate instrument for use in this study since the only documents in the public domain are the official documents (such as the Vision 2040 document) of communities and few reports and databases by international organisations, that are the primary sources of data for the core studies [14]. It maintains that the document-based analysis is presented as: “Because it can obtain rich and reliable information without the secondary intercourse in the part of human subjects, then its study objectivity is stronger.

#### Data Collection Instrument .2.2

Data presentation Because of the qualitative nature of the design of the study, the charter, the case study document and the [in-Text Item 1], document were the main instruments which aided the retrieval of the



data to respond to the research questions. This tool was selected as the sole main tool for its use, since the study's focus requires confrontation with official texts but also with the strategic reports also i.e. the published data, all of which are components of the raw material from which the construction of the analysis is made. This study's document analysis is artificially robust for the following methodologic reasons, which lending added credibility to the research [15]:

**Efficiency:** Inferencing data from document allows a researcher to gather lot of documents in a short of time at a lower cost rather than costly time and money consuming field data (e.g. interview and survey).

**Availability:** Documentation for research, public or government's official papers and reports of international's organizations are generally available to researchers.

**Stabilization:** ...the task doesn't rely on memory of interviewee, cannot be manipulated. On reviewing the texts and codes more than once The interviewer may need to revisit the transcribed data and the codes to verify the analytical process.

**Non-responsive:** Non-disruptive, as they weren't documents written because of the study request from the researcher. Therefore no influence is exerted on the research and the content is not influenced.

This machinery shall be used via large, diverse document collections by which we will be able to achieve through a fair and balanced exposure over the original query that is spent over the interpolating region by the subsequent source [16].

### Data Sources .2.3

In order to achieve deep analysis, the study relies on a diverse and complementary array of documentary data. These sources are chosen randomly to the extent that the heterogeneity between the sources is great in order to provide triangulation (data from various sources are compared, and used to compare, in order to strengthen conclusions 30 ) and increase trustworthiness of the conclusions. These sources may generally be classified into three groups:

**Main Official Documents:** They are consider the Ref during providing the strategic vision and the Reg structure inside the Sultante of Oman. It primarily includes:

The "Oman Vision 2040 document" (referred to as [5]): This is the document, the source of which nicely depicts (a) country's priorities, and (b) the strategy pathways the impact of FDI should be considered against [5].

**Five-Year Plans:** Examination of the Tenth Five-Year Development Plan (2021-2025), the first executive plan of the Vision, to observe the conversion of strategic objectives into specific programs and projects.

**Official documents of institutional bodies:** These are guidelines, reports or bulletins from the Ministry of Commerce, Industry and Investment Promotion containing the incentive for investment and investment opportunities.

### Secondary Official Reports .2

This section provides contextual and analysis information around economic and development statistics and uses local as well as international sources:

**Local sources:** (statistical bulletins, and annual-reports provided by NCSI) for the purpose of; Data on FDI Flows, and sectoral Distribution [6], analysis Report released by CBO, to interpret macroeconomic data.

**International Data:** Ad-hoc international reports eg., An occasional release form international agencies such as the WTO, InfoDev report on entrepreneurship in Arab world, etc. Instance report from the UNCTAD's "World Investment Report"[1], the WB's global report on governance indicators and ease of doing business and IMF's periodical reports on the Omani economy etc..

### Academic Literature .1

A number of targeted academic peer reviewed studies and research, in Arabic and other languages will be utilized to establish the theoretical and conceptual framework of the research. This literature will be utilized to develop the theory of the FDI motive (as in Chapter Two) and to contrast the "ReEmployment analysis of the Oman case with other studies in similar contexts.

Combining such diverse types of sources enriches the study with multiple levels of analysis by connecting strategic intention (the Vision), practical implementation (local and international reports) and epistemics (academic literature).

### Analytical Approach .1.1

Once potential sources of documentary data are identified, the next phase is the systematic way in which the content of such documentary data are treated methodologically in order to extract information relevant to the research questions. In doing so this study will apply Thematic Content Analysis. This is

one of the common qualitative analysis methodology which focus on identifying and analyzing themes and patterns within the textual information. This method of denotation will be adopted by:

- Deep Reading and Familiarization: As many times as possible, the transcribed texts are read and re-read in the hope of gaining a very extensive and deep knowledge of the texts.
- Descriptive Coding Sections and passages relevant to the research questions will be tagged with initial descriptive codes (e.g., \u201Ctax incentives,\u201D \u201Cskills development,\u201D \u201D \u201Crenewable energy\u201D) during the reading process.
- Theme Generation: The coding iteration process will examine all individual codes and codes that are associated with any one code are related and combined to create larger categories, which will then be recategorized to develop central level themes. For example, research classifications 'port development' and 'road network' can be generalized to the theme Strength of Hard Infrastructure.
- Identification and Final Name: The concepts on these themes will be identified in terms of internally homogeneous and externally heterogeneous and final names will be derived that are axiomatic and reflect their semantics.

This level of analytical interpretive control, informed by our research questions may be corresponded to the results shown in the following chapters: the results are not a story told by data, but the product of an analytical reading, showing a strong degree of methodological consistency in relation to the findings emerging from the research.

#### **Chapter Four: Analysis of Determinants and Repercussions in the Sultanate of Oman .3**

In the light of the theoretical and methodological framework applied in the previous chapters, the current chapter proceeds to the stage of application, by exploring and evaluating FDI environment in Oman. This paper is divided into two parts; the first part analyzes the significant factors influencing the foreign direct investment in the Sultanate country, while the second one discusses the possible effect of such a new investments on the indicators of sustainable development based on "Oman Vision 2040".

##### **Factors affecting foreign direct investment in the Sultanate of Oman .1**

From the theoretical review undertaken in chapter two, with determinants categorized as macroeconomic, institutional, policy and infrastructure in nature, what are the key determinants of the investment climate in the Sultanate?

##### **Macroeconomic Determinants**

Some of these are macroeconomic indicators, the traditional unarguable atomic information that any wise Foreign Investor first glances at and out the potentiality of Investing in any country. There, the Omani Sultanate brings the historical standing and, more recently, the economic modernization.

##### **1) Economic Stability**

Oil has swung broadly in price, and the Omani economy has stumbled in recent years with low oil prices. However, macroeconomic indicators of stability are currently improving clearly due to the implementation of the "Medium-Term Fiscal Plan (2020-2024)" in recent years. International institutions such as the International Monetary Fund (IMF) praised its management of public finance [17]. Evidence of this stability comes in the form of the following:

- Improved Fiscal Positioning: The rating uplift of the Sultanate was underpinned by the administration's successful delivery of fiscal surpluses, and an impressive reduction of the Sovereign's debt to GDP ratio, contributing to a confidence enhancing in fiscal desirability.

- Price stability: CBO's low inflation rates compared to other countries, over the years, has helped investment planning in the long term to be protected from the possibilities of higher prices [18].

- Rosy Prediction: The economy looks set to continue growing off the back of non-oil industries, and the market may be an attractive prospect for investors interested in going where the market is going.

##### **2) Quality Infrastructure**

Infrastructure excellence is a key factor that makes the Sultanate of Oman competitive. The state has been systematically deploying a contemporary integrated infrastructure over the years for the purpose of economic diversification. This is also well mirrored by Sultanate's ranking in competitive global infrastructure indices [19]. This strength is evident in:

- Ports and FEZs: The Sultanate possesses a 'World-Class' network of ports that are strategically located in and around the country (Sohar and Salalah) and projects like the Duqm SEZ that is expected to be a driver for mega investments with the ambition of becoming an all-in-one industrial & logistical region.

- Traffic and Communications: The Sultanate has also made great advances in the area of roads, which are constructed of asphalt, in a manner comparable to international standards and quality; airports; traffic; modern communications such as 5G along with a wide spread optic fiber network. These would be the necessary ingredients to attract job-creating investment for services and high-end manufacturing.

This Priceless combination of added: Security of Economy + very solid Infrastructure wevest an indefensible base and a substantial L-advantage through which weve L-ured the FDI-to Sultanate of Oman!.

### **Institutional and Governance Determinants**

Recent literature has given more emphasis to the potential role of quality of the institutional and governance environment in attracting the sustainable FDI attraction, rather than traditional economic factors. Investors are long, the good investment Just like markets, want to have stable, clear, rule based instead of in mun p policy settings and protect treasury and by implication the taxpayer. And it is within this framework that the Sultanate of Oman peacefully thrives, supported by the legacy meritocratic base and impelled by the ongoing reform agenda.

#### **Political Stability .1**

And, in addition to the low, relatively easily-indentend costs and feature, as well as the established and deep-rooted "Low cost" in the troubled area, the Sultanate of Oman is based on politics and society- and providing a stable. The Sultanate is highly ranked in the world for the criteria "Political Stability and Lack of Violence/Terrorism" of the World Bank's Governance Index. This certainty of operating environment also provides in a settled and stable environment for investing in general, reduces non-commercial risks, and is an important factor in attracting certain long lived highly capital intensive investments requiring long paybacks.

#### **The Evolving Legal Framework .2**

The most effective reproduction, is how they have made tremendous effort in the modernization and restructuring the legal and regulatory framework, especially with the investment framework in the last few years. The topic was set in motion with the promulgation of the 'Foreign Capital Investment Law' (the Law) through Royal Decree 50/2019. This law heralded a new era for investment, introducing a number of incentives and guarantees including the most significant enabling provisions were: It's good news, and has been long overdue, if at the end of the day somewhat anemic in - approach, for the enormous number of sectors of the economy that no longer require a local partner and can now be 100% owned by a foreign company.

Present wavers and exemptions on tax and customs for investment projects. -

Stops the expropriation or nationalization of projects that are not for public use, with - compensation, and the possibility to transfer money and profits abroad.

These legislative updates hargue in favor of an approach geared towards a policy aimed at - further stimulates the liberalization of the economy and legal reforms in accordance with the best international practices, and hence, can serve only to bolster the foundations of foreign investors' trust in the rule of law.

#### **More Efficiency and Less Bureaucracy .3**

Realizing the significance of efficiency as an incentive factor to both the consumers and investors, the Government of Oman has taken realistic measures in simplifying the process of starting and effectively running businesses. The Ministry of Commerce, Industry and Investment Promotion's Invest Easy portal is a case in point. That served to realise a good saving in time and cost in the process of establishing a company and obtaining the licences necessary, which in turn resulted in upgrading the Sultanate's status in the index of the ease of doing business in the past. While a bit of the red tape/idiosyncrasies remain, "Oman Vision 2040" demonstrates a more holistic view toward e-government and institutional performance with no doubt that it will send a resounding letter about investment confidence to the rest of the world.

To summarize the above discussions, it has been reviewed the determinants and the conclusion of this summary, explaining the potential strengths and weaknesses in balance. The former discussion gives a pretty good perspective on FDI in Oman. You will find plenty of draws that make it attractive as a base, and structural woes it is seeking to address as part of its national aspirations under "Oman Vision 2040.

### **Key Strengths**

Preservation of Peace and Security: This benefit has earned the title of the Sultanate's appeal .1 based on a secured and safe environment: which the investors set as the top priority in such long term projects20.

Geographic Location: A bridge between East and West trading flow, and an entrance of Large .2 open ocean, with world-class harbors behind, OMAN has obvious advantage to offer in logistics.

Advanced and Integrated Infrastructures: The STAT had heavily invested in the infrastructure .3 (port: Sohar, Salalah, Duqm, airport, road network, and communication networks), which was reported to be relatively modern and could accommodate a variety of economic activities and link the country with the global value chain [19].



New and Motivating Legal frame: The current “Foreign Capital Investment Law” which is modern given the serious obstacle that it represents, as for those opportunists of the profit, who could at least reserve to their only protection personal in all others, since most sectors, so were theirs, had reserved to their upgrade to their tool to make a competitive of the Sultanate verses some Arab investors. Macroeconomic stability-end-policies: Inflation-cost to vendors A macro economic stability-inflationary has improved the macro-eco indicators with low inflation low public debt and (increased-investor confidence :[17 ]).

#### **Existing Weaknesses or Challenges**

Structural Dependence on Oil and Gas Despite diversification, the economy is still structurally dependent on the hydrocarbon sector, which is the largest sector in terms of GDP and export earnings shares and, therefore, highly vulnerable to fluctuation in the price of energy [17].

Administrative barriers: While some headway has been made with respect to initiatives such as “Invest Easy,” some administrative and bureaucratic regulations continue to be time consuming for firms to comply with, in their efforts to complete transactions and receive approvals [22] according to various international business enabler reports.

Labor Market and Skills shortage: Providing employment to the national work force have been operational priority, but there could be a mismatch between the skills of education graduates and the demand by new sectors that quality FDI aims to develop (e.g. high level technology and innovation) [10].

Sizes of the Domestic Market : Sultanate currently has a small domestic market size compared to some other GCC/MENA countries which may shape some forms of FDI more than others which are related to catering to local/domestic consumers.

It is the awareness of this trade-off of strengths and weaknesses, is the first step in assessing whether such a platform with lofty goal of supporting “Oman Vision 2040”,as I will justify in the subsequent discourse, is feasible or not?

#### **.SECTION TWO: ASSESSMENT OF PLANNED INVESTMENT OUTCOMES AGAINST VISION 2040**

As we already have scrutinized the impetuses of the existing definition of investment environment; this sections shifts to exploring the reverse side of the coin: the outcomes/the effects which the Sultanate of Oman wishes and expects to achieve out of attracting FDI. In this respect, the text of "Oman Vision 2040" provides the good answer of this question, because investment is” not seen as an objective” but a strategic choice to achieve structural changes in the economy and the society and the environment.

#### **Repercussions on Economic Development Indicators**

The analysis has been confirmed that diversification of the economy which represents one of the foundations of the “Oman Vision 2040.” As stipulated in the paper, FDI should have a major impact on two objectives: economic diversification and innovation per se [5]. The Vision will provide the focus and impetus for investments in key target production and service sectors in new economic clusters that can be internationally competitive, including advanced manufacturing and transport & logistics. It also underlines that to ‘catching trains of the fourth industrial revolution’ FDI serves a major channel through which higher technology and new tacit knowledge, and increasing competition and imitation of local producers in creating of innovation is transmitted.

Economic Diversification – Vision’s “most significant goal” is for a “economy that doesn’t depend on oil and gas production.” The “Oman Vision 2040” is not hollow sloganeering, but explains just how FDI is meant to make its mark. Its aim is to generate a context that permits the level of investment in some priority sectors of production and services, an investment level that can generate a higher added value and more significant installed impacts on the national economy. Emphasis have been placed more on the prospective areas including advanced manufacturing, transport and logistic, fisheries and agriculture, mining and specialised tourism. Among this configuration of one-way transfer, whose purpose would be for escaping from growth repression, to clear the quality barrier in the form of economy stands FDI. To that end, it is our belief that FDI can be utilised as a tool to develop new economic clusters that could compete globally and provide sustainable sources of income to the national economy and of course is the bedrock of the strategy of diversification that most resource-based economies are pursuing.

First, Encouraging Innovation and Transition to a Knowledge Economy Oman Vision 2040 is a conceptual shift to an economic system that relies less on natural resources and more on wealth creation through knowledge and innovation. The document allegedly seeks to “embrace the fourth Industrial Revolution” and “establish a national system of innovation-driven development”. In such a context, inward FDI is considered as the main channel for the transfer of high technology and tacit knowledge, that would be hard to be created internally at the same level.

Second, this goes beyond machinery and plant imports, and encompasses what in the academic literature is referred to as “technology spillovers.” The intention of the Vision is attract foreign corporation to allow for technology transfer, compete and learn the process of the national corporation upgrading skills of domestic labour forces and connect national suppliers into more sophisticated value chains [15]. It is possible that this will not only to be about attracting investments as it may also with significant earning and absorbing “capacity” – the ability of the economy to transform and use knowledge – [16], which the Vision is also pushing for in its side call for expanded education and science research building.

#### **Observed Repercussions on the Ground**

Driving these ambitious targets are ambitious investment promotions in sectors outside oil made flesh. The Brazilian Vale’s project for producing iron pellets in the port of Sohar is one of the largest foreign investment projects in the industrial sector. This is not only a good way to expand for non-oil exports, it is also a forward and backward linkage for local manufacturing. And the Duqm Special Economic Zone (SEZ) is attracting investments of high-end industries, including an electric car manufacturing plant in partnership between Omanis and the Asians. This is to enable high-tech industries and localisation of new technologies suggesting the onset of a functioning trend for technology-induced industrial diversification [27]

#### **Repercussions on Social Development Indicators**

“Oman Vision 2040” takes on a developmental vision based on the citizen being at the centre of concerns, and is moving away from the sole focus on economic growth to consider it as a mean to social well-being and a better life for all. Under this framework FDI’s social impacts are not purely coincidental, the Vision is deliberately aiming to channel FDI to satisfy two dominant social objectives by way of work and development decent and productive jobs for Omanis and balanced and sustainable development for the governorates.

#### **Providing high quality jobs to the citizens of the Sultanate. (1)**

One of the central strategic targets in the "Economy and Development" chapter of the Vision document [5] is to create "an attractive labor market for competencies that is in line with demographic, economic, and technical changes." It is an even higher aspiration than to just lower the levels of unemployment; it is to confront the “quality” of the jobs produced. Its Vision recognizes the catch-22 of resource-rich economies- foreign investments that supply economy-driving skilled jobs that are beyond the scope of local labor or mindless low-skilled jobs unpalatable to the aspirations of the Omani workforce. Towards the reduction of this, the Vision aims to create a closer link between the attractiveness of FDI and labour market programs and policies, including Omanization. Here, the consequence should be that good foreign investment spillovers play a "catalyst role" in the development of domestic human capital. This is accomplished by creating demand for professional and higher skilled employment, by requiring that staff in Oman are trained and qualified, by transferring skills and management and technical know how, and by providing an environment in which careers can developed. Second, the Vision promotes our foreign investment not only as a exploiter of labour but as a producer of national skill and competence. This is consistent with reports wherein the greatest social good of an investment is realized only when there is improved local human capacity [20].

#### **Balanced Development among Governorates (2)**

In order to manage with the economic concentration problem raised in many countries, “Oman Vision 2040” set “comprehensive spatial development” as one of the culture national priorities [5]. This focus is to ensure fruits of development penetrate to all the governorates of Sultanate and not to be reproduced between (enclave model of) economy where economic action and prosperity are concentrated only in the capital and in the major regions [17]. Under such circumstances, FDI is seen as the tool to achieve this developmental decentralization. The most evident of such is the Duqm Special Economic Zone (SEZAD). It is a hugely audacious project that has attracted significant overseas and domestic investments in manufacturing, logistics and energy with the aim of making the underpopulated, never-been-heard-of Governorate of Al Wusta a new, one in all growth centre. Huge investment has also been made in Duqm, which it is hoped will act as a hub for its economic plans outside the capital, Muscat. It has generated job for community people, enhanced the M/SMEs of the governorate, as a result it somehow contributed to the expansion of local infrastructure and services. This model can also be adopted in the construction of other economic and industrial zones in other governorates and represents a vision, through which FDI is used as a mean to realize better spatial e favorable, more balanced governing and directives.

#### **Observed Repercussions on the Ground**

The Special Economic Zone (SEZAD) is the clearest example of these social impacts. It’s not just an economic project, it’s a community development project, this zone. The own figures of the zone

reveal that until now it has created 1000s of jobs directly and indirectly thus, the rate of Omanization in the operational projects of the zone, is still on the increase. Furthermore, the zone management forces investing companies to award a portion of their contracts, procurement, to the local SMEs – in order to develop a local supply chain and allow for economic benefits to be transferred to the area. These are hands-on implementations of governorates balanced development principal [28].

#### **Repercussions on Environmental Development Indicators**

Oman Vision 2040 is a breaker in the idea of development and environment. Instead of seeing environmental protection as an illicit cost of economic progress, it portrays it as a further competitive asset such as business opportunities and new competitive advantages for penetrating new economic domains, under the Vision's leadership. In this regard, The Vision explicitly commits to harnessing FDI as a key driver of (this) transformation, particularly in respect of the green economy, and renewable energy, notably.

First and foremost: Shift towards a green economy [fair and climate-neutral economy. The Vision document includes a strategy objective in the "Sustainable environment" cluster that refers to the utilization of "natural resources for the benefit of the national economy, in an equitable and balanced manner" [5]. This is also one of targets en route to so-called green economy with perfect utilisation of resources and minimal carbon emissions. An alleged consequence of FDI in this scenario would be that it would bring in firms that possess the know-how and the technology to produce cleanly. The Vision aims not only to adopt stringent environmental regulations to avoid the "pollution haven" theory, but also to encourage investments that are part of the answer to environmental challenges [17]. This must encompass the investment in areas such as waste management and recycling programs, sustainable desalination, the adoption of modern agriculture, in which water is an efficient input, and also green tourism. Unfettered, foreign direct investment (FDI), consequently, is regarded as the most unequivocal method of creating a positive "pollution halo" effect that is not only via corporate environmental actions, yet via the redirection of the trajectory of new sectors of the global economy, such sectors that are per se sustainable [23].

The second. Strategic Emphasis Renewable Electricity and Green Hydrogen. Among the hoped-for environmental effects of FDI, a notable one is the role it is to play in achieving Oman's renewable energy objectives. Given its particular geographical location and great solar and wind resources, the country has a huge potential of existing natural resources for it to become a global hub for production of renewable energy, as supported by publications from International Renewable Energy Agency (IRENA) [24]. The Sultanate has since translated this potential into an ambitious national policy and has formulated its First National Energy Master Plan, where carbon neutrality has been clearly outlined as a target by 2050 [25]. The keystone of this plan is the green hydrogen project which almost entirely relies on massive foreign investment and global partnerships. "So called 'Hydrom' - (set up) for feasibility studies in this area - and the Sultanate has succeeded in sealing agreements with sever consortia of companies, world giants, to establish the mega projects to produce and export green hydrogen [27]. The potential ramifications here are two-fold:

Green: The initiative supports the Omani economy in its pursuit of carbon neutrality and curbing its environmental impact. -

Economically: It establishes a new, high-value export industry, diversifies economies and reduces their reliance on oil and gas. -

Technologically: It will entail the most recent world technologies in renewable energy and electrolysis and thereby lead to the establishment of a knowledge-based economy. -

Therefore, Vision 2040 is obviously looking to leverage the benefits of FDI macro-economically not just to become "less evil" environmentally attuned but as a major vehicle for creating one of the key pillars for the future sustainable Omani economy.

#### **Observed Repercussions on the Ground**

The green hydrogen plan in the Sultanate of Oman is the clearest and most overt expression of this intent. "Hydrom" has enabled successful investment interest from around the world, resulting in the signing of binding agreements with consortia consisting of very large international companies – including Shell, BP and Belgium's DEME – to develop mega-green hydrogen projects. The total planned investment for the first phase of these projects is tenths of billion US dollars [26]. This path represents not only the direction we owe it to our future generations to take on our journey to become green and sustainable, but is a tangible, practical example of how you can use natural competitive advantages (sun and wind) and location to drive, attract foreign direct investment to create entirely new and sustainable industries thereby directly link ambition to reality.

## CHAPTER FIVE: CRITICAL DISCUSSION: ALIGNING DETERMINANTS TO VISION AIMS

In Chapter Four, we have examined the drivers for the investment environment in the Sultanate of Oman, as well as the intended impact of these investments based on "Oman Vision 2040", thereby, in this chapter, we take the most critical step in the analysis: assessing the level of alignment and coherence between current reality and future ambition. What is most important is that this study is not to report what the determinants/aims are but rather to critically examine the gap between them from one hand and whether what makes the Sultanate of Oman attractive destination for investment today is the same as would enable to achieve its sustainable development objectives tomorrow.

### Assessment of the gap between the reality of investment today and Vision 2040's aspirations

To undertake that examination in a structured way, a "Compliance Analysis Matrix" is used to juxtapose the strategic aims aspired by the Vision, the optimum determinants needed to accomplish them, and as they stand strengths and weaknesses in the Omani investment climate.

**Table (1): Compliance Analysis Matrix for Investment Determinants and Vision 2040 Objectives**

Vision 2040 Strategic Objective	Required Determinants for Goal Achievement	Analysis of Current Status in Oman (Strengths & Challenges)	Compliance Gap Analysis
<b>1. Economic Diversification &amp; Building Competitive Non-Oil Sectors</b>	<ul style="list-style-type: none"> <li>- Integrated logistical infrastructure</li> <li>- Flexible legal framework allowing full ownership</li> <li>- Targeted incentives for promising sectors</li> </ul>	<p><b>Strength:</b> World-class infrastructure (ports, airports) [19]; modern investment law permitting 100% ownership [21].</p> <p><b>Challenge:</b> The largest share of investment stock remains concentrated in the oil and gas sector [6].</p>	<p><b>Partial Alignment:</b> The Sultanate possesses the necessary "hard structure" (infrastructure and laws) for diversification. However, the gap lies in the lack of effective mechanisms to intensively channel new investments into non-oil sectors.</p>
<b>2. Transition to a Knowledge-Based and Innovative Economy</b>	<ul style="list-style-type: none"> <li>- Highly skilled human capital</li> <li>- Robust R&amp;D ecosystem</li> <li>- Effective intellectual property protection</li> <li>- Fast and flexible business environment</li> </ul>	<p><b>Strength:</b> Significant government focus on education and training; sound legal framework.</p> <p><b>Challenge:</b> Skills gap between educational outputs and labor market needs in advanced technical sectors [10]; bureaucratic challenges that may hinder the agility of startups and innovative firms [22].</p>	<p><b>Significant Gap:</b> This is the most prominent gap. While the Sultanate possesses the ambition, the determinants related to "soft infrastructure" (skills, innovation ecosystem) require substantial development to be capable of attracting quality investments in the knowledge economy.</p>
<b>3. Achieving Balanced Social Development (Jobs for Omanis &amp; Governorate Development)</b>	<ul style="list-style-type: none"> <li>- Labor policies linked to investment</li> <li>- Attractive infrastructure in the governorates</li> <li>- Decision-making decentralization</li> </ul>	<p><b>Strength:</b> Clear strategic direction for governorate development (e.g., Duqm project); Omanization policies.</p> <p><b>Challenge:</b> Historical concentration of economic activity in the capital; difficulty attracting talent to work in new regions.</p>	<p><b>Evolving Alignment:</b> There is strong alignment at the strategic and intentional level. The gap lies in the pace of implementation and the ability of new projects to create quality, sustainable job opportunities for local populations beyond the construction and development phase.</p>
<b>4. Achieving Environmental Sustainability</b>	<ul style="list-style-type: none"> <li>- Natural resources (sun, wind)</li> </ul>		

<b>(Green Economy &amp; Renewable Energy)</b>	<ul style="list-style-type: none"> <li>- Clear regulatory framework for clean energy</li> <li>- High-level political commitment</li> <li>- Export-capable infrastructure</li> </ul>		
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## DISCUSSION OF THE ALIGNMENT GAP

The above table provides a slightly nuanced portrayal of the investment environment in the Sultanate of Oman. On the other hand, there is a high complementarity in industries which need massive investments in hard infrastructure and have the backing of the political elite, namely renewable energies and logistics. The Sultanate has managed to put in place the right pillars for stability, infrastructure and modern laws and regulation - which are path of what is required to lure foreign investment. But with no doubt the most important and widest gap, is this one, exposes because this is the jump between the conditions terms of requirements of the classical industrial economy, and the requirements of the economy based on knowledge and innovation, to become requirements of the economy that we want hence forth the economy a desired one for the "oman vision 2040". The analysis shows that the 'soft infrastructure' connected to the HR, the R&D environment as well as the speed and efficiency of procedures needs significant catching-up to do before it becomes attractive. Those considerations might be great for enticing a factory, or a petrochemical plant, but they might not be good enough to draw a software development center or a biotech firm.

Thus, the present paper seeks for evidence of such a finding in the sultanate of Oman's economy in Oman. But the next level of transformational push to meet the Vision's aspirations, requires a change of gravity in this attraction focus – from constructing ports and roads to constructing minds, skills and agile systems – that would also attract the kind of investment required. Closing this divide between today's drivers and tomorrow's requirements represents the hardest work and the largest prize for sustainable development delivery in the Sultanate.

## CONCLUSION

This study requires clear, intellectual responses to its research question and framework. Some of the main findings and conclusions that the careful analysis has reached in the present and the previous chapters may be summarized as follows:

**First Question Answers:** Regarding the FDI determinants in Sultanate of Oman, the study showed that Sultanate has strong package of the traditional determinants which a magnet to foreign investor to invest in Sultanate. The key positive side that ideally is offered today is the country's political and social stability, as well as its strategic (geographic) location, world class hard infrastructure (but not the soft one logistics, ports etc., for example, in the case of the Baltic Sea region) and anew, modern, incentive-based legal framework that if properly implemented will move the country towards ever greater openness. On the contrary, the study revealed bottleneck problems of the bureaucratic types and urgencies of the "soft infrastructure" such as the specialized human capital and the innovation environment.

**Answer to Question Two:** The analysis of "Oman Vision 2040" identified that Omani Vision 2040 does not see FDI as an end-in-itself rather as a strategic tool to achieve massive wide-ranging structural change. The Vision sees that these investments will have a positive impact on sustainable development indicators as it will achieve other elements including: economic diversification away from the oil industry to the non-oil sector; innovation and a knowledge-based economy; balanced social development by providing productive jobs for Omanis; and development of governorates and environmental sustainability through green economy and renewable energy utilization.

**Answer to the Third Question - Reconceptualising the Future of Vision** This was the key finding of the work. Commentary This study reveals partial and a clear strategic disconnection. While however the respect to the current condition of determinantsization of the Sultanate accurately coincides with the conditions through which it can attract big, high capital goods intensive\* investment (eg,\* logistics; green hydrogen) there is a visible "gap" of the determinants that must exist, in order to be transferred to



the country a qualitatively, knowledgebased and contemporary(the actual core of the Vision's ambitions) type of investment. The more serious problem is insufficient "soft infrastructure" to keep up with major construction in "hard infrastructure."

Thus, the research indicates that, in order to realize the objectives of Vision 2040 and through the gateway of FDI, the Sultanate of Oman must embark on a new development phase that is explicitly designed to close these chasms and ensure the attraction of "investments that construct the economy, as well as build knowledge, innovation, and sustainability before and after investing".

## RECOMMENDATIONS

Thus, in light of the current discursive critical qualitative and quantitative reflection of the current climate investment in the Sultanate of Oman vis-à-vis and results-based of "Oman Vision 2040" whether the strategic because there is an aim to reduce the gap between them by the present study comes to the following strategic policy recommendations urging for insured strategic convergence and decreasing of the gap in between:

1, Strategic Development of "Incidental (Soft) Infrastructure" -Staff-Awards were accepted for projects shaping the future, unique of their kind, first class hard infrastructure during the review. The hard infrastructure already exists: The difficult part is developing a soft infrastructure commensurate with it. It's recommended that you focus on:

A. Developing specialized education courses/maesthetic programs with investors in sectors of strategic interests (e.g., high technology, green industries) to ensure production of qualified manpower 37 OMAN 2010 Transformational Plan for the Economy of specific interest to such investments.

B. Building an attractive R&D Eco-system Encourage foreign firms to establish Omani based R&D centers; Seed joint research initiatives with firms and local Omani universities to avoid the risk that investments that only 'repatriate' technology, but localize and co-develop it.

1. Seek out "Smart Investment Promotion": Instead of promoting the "investment climate" in a general way, the focus should shift to that part of it which is selective: the "quality" of investment, not merely its "volume." The following is recommended:

Design Sector-specific incentive packages: Special incentive packages should be tailored to .A priority sectors in the Vision that is greater than what is currently tax exemptions and include qualitative benefits: access to market information, connecting to institutions of learning, and support to bring in the needed skills.

Promoting the "Deal Maker" Role: Established WLSIs need to serve as a "smart broker" – .B working early and closely with attractive foreign investors and promising Omani SMEs to facilitate matchmaking and ensure that strong linkages with the Omani economy are designed into the project from its inception.

Faster Procedural Reform by Government: Modernisation of the industry is convenient as .1 investors can now just for efficiency even if in other aspects little leap is being recorded. The following options are worth to try:

Accelerate Operating Procedures After facilitating, through Invest Easy, the stage of .A establishment, the remaining procedures (operating permits, environmental consents, work permits, etc.) are to be expedited being as these are still an investor time challenge.

Fast Track strategic projects : Founding a fast-track system for investment projects that are .B compatible with the "Oman Vision 2040" objectives, registering account center, which dismisses the bureaucratic res-tape for all projects.

Adoption of the aforementioned strategic recommendations would assist to reduce the gap between reality and aspiration and develop the capability of the Sultanate of Oman, not only in attracting FDI, but also in governing and managing it, as being the real approach to prepare it indeed for use as a real instrument to contribute to seeking the sustainable and prosperous future anticipated in "Oman Vision 2040."

## LIMITATIONS OF THE RESEARCH AND FUTURE RESEARCH SUGGESTIONS

A video is a video! The main constraints of this work have been summarized in this section and research avenues for extending this work have been recommended.

Research Limitations: Methodological limitations: The methodological basis in the present .1 study is qualitative document analysis. While this approach has allowed for in-depth understanding of the context and strategic directions, statistical assessment of associations between different variables is not feasible with this approach and it is not suitable to be used for statistical hypothesis testing.

Limitation on data source: The reporting of this study is limited to the predominantly published primary documents and reports. Consequently, the analysis does not take into account off-line perspectives and attitudes of relevant actors (such as foreign investors, and government decision-makers, among others) that could only be gathered by field research means (interviews, questionnaires). Limitations and Generalizability: As this is a case study of the Sultanate of Oman, it affects to what extent the paper and conclusions can be generalised. Its results are thought provoking, and are perhaps instructive for other resource-rich economies, but it is a rare outcome that results can ever be directly politically generalizable except under the most cautious of assumptions regarding country-specific institutions and economies extremely peculiar.

### FUTURE RESEARCH DIRECTIONS

On the basis of these shortcomings reported and the observations made by the analysis, this study suggests that future research can be expanded in the following directions:

**Quantitative and Econometric Studies:** The results of this qualitative study provide a basis to test the hypotheses generated in econometric models in future research. A quantitative work, for instance, that seeks to examine the statistical effect of improvement of business environment (as a cause) on the inflow of foreign investment to non-oil sectors (as an effect) may be undertaken.

**Field Study:** As with other qualitative instruments, such as in-depth interviews with a sample of foreign investors in the Sultanate of Oman, it is suggested to carry out field research to better understand how they perceive the problems and opportunities and how they argue their practical experience with the institutional and processual environment.

**Comparative Studies:** Comparative case studies could be undertaken comparing Oman's experience in integrating the FDI to achieve a Vision with that of other GCC countries (e.g.KSA, UAE...) in order to extract common themes and regional best practices.

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