Mohammed Bin Rashid Est.
For Young Business Leaders

A STUDY OF ENTREPRENEURSHIP IN THE UNITED ARAB EMIRATES 2006

Global Entrepreneurship Monitor 2006
Mohammed Bin Rashid Establishment
and GEM United Arab Emirates

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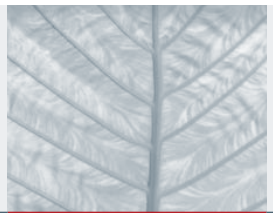

"Everyone dreams, but only the leader can change dreams into reality"

His Highness Sheikh Mohammed Bin Rashid Al Maktoum
Vice President, Prime Minister of United Arab Emirates and Ruler of Dubai

HH Sheikh Khalifa Bin Zayed Al Nahyan

President of the UAE and Ruler of Abu Dhabi

HH Sheikh Mohammed Bin Rashid Al Maktoum

Vice President and Prime Minister of the UAE and Ruler of Dubai.

HH Sheikh Hamdan Bin Mohammed Al Maktoum

President of the Executive Council of Dubai and Chairman of Mohammed Bin Rashid Establishment For Young Business Leaders.

Zayed University, College of Business Sciences,
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This major and unique project would not have been possible without the generous sponsorship and commitment of the Mohammed Bin Rashid Establishment For Young Business Leaders. Their generous and unflagging support in the conduct of this study and the production of this report is greatly appreciated and the authors hope it will make a significant contribution to a better understanding of the current and future entrepreneur and the ventures they have or intend to create.

The support from the Key Informants in providing informed insights into the environment within which the entrepreneur operates is of immense value in completing this study. We thank them for their generous support. We also thank the over 3000 respondents who assisted by providing the data on which the analysis presented in this report is based.

This report aims to disseminate the results of a substantive national survey into the entrepreneurial activities of the population within the United Arab Emirates. The study comprised a random survey of slightly over two-thousand respondents from the population of the seven Emirates and an over-sampling of a further one-thousand from the national Emirati population. It is proposed to report on the findings of this study in two parts. The first publication will constitute the National Report for the purpose of informing public policy makers on the major issues in entrepreneurial activity within the UAE. The data presented in this initial report will also form the basis of the GEM Global Report that makes national comparisons of entrepreneurial activity at the global level. The GEM National Report requires that the survey sample constitutes a random sample of the population. The National Report database meets this requirement. The second report to be published seperately will be an analysis of the Emirati population.

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Preface

Abdul Baset Al Janahi
Chief Executive Officer
Mohammed Bin Rashid Establishment For Young Business Leaders

The Global Entrepreneurship Monitor (GEM) is a leading research initiative that extensively explores the social and economic impact of entrepreneurship. Through its independent research, GEM has compiled comprehensive information that has enhanced the understanding of entrepreneurial activity in the region.

The Mohammed Bin Rashid Establishment For Young Business Leaders is proud to sponsor the UAE's first GEM research team led by Professor Kenneth J. Preiss of the School of Business Sciences, Zayed University. This significant initiative will help outline the future roadmap for entrepreneurship in the UAE by providing insights and practical solutions.

The GEM research comes at a time when there is an upsurge in the economic role that small and medium sized companies (SME) are playing, not only in the UAE, but across the world.

Millions of small operations around the world are responsible for the generation of more than 90 per cent of the world's GDP. SMEs have demonstrated an outstanding ability to change and rapidly adapt to market demand and economic pressures. They play a crucial role as drivers of success for local economies, as generators of job opportunities and centres to train and upgrade low-skill workers.

In line with its drive to diversify its economic resources, and realising the significance of this important segment, the UAE government has embarked upon a series of initiatives that support local entrepreneurial activities.

The Mohammed Bin Rashid Establishment For Young Business Leaders was one of the early initiatives in that regard. The Establishment came about as part of the futuristic vision of H.H. Sheikh Mohammed Bin Rashid Al Maktoum, the UAE Vice President and Prime Minister and Ruler of Dubai to promote local capabilities and increase UAE nationals' contribution to the economic development of the country.

Offering a wide range of enabling services including strategic consultancy, the Establishment has succeeded in encouraging many UAE nationals to launch their own businesses.

Since its inception in 2002, the Establishment has managed to enhance the local community's awareness about the value of entrepreneurship. It has also worked on empowering the local youth to focus on the private business sector.

At the directive of H.H. Sheikh Mohammed, the Establishment introduced the Government Procurement Programme (GPP), an initiative that ensures 5 per cent of Dubai government's procurements are dedicated to the GPP members. Total value added services provided by the Establishment to its members so far have exceeded AED 155 million.

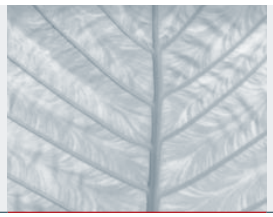
Aware of SMEs essential role as a key driver for economic growth, the Establishment will continue to work on developing entrepreneurship levels through a vast range of services and initiatives. We strongly believe the GEM research will help us achieve this goal through its in-depth analysis of the entrepreneurship situation in the UAE.

Meanwhile, this invaluable document will serve as a useful resource for entrepreneurs looking to start their own businesses, as well as people who wish to understand the UAE's entrepreneurial scene.

It will also enhance the understanding of the local market as well as issues such as funding requirements and the impact of education. Most importantly, it will serve as a baseline for future research.

Conducted for the first time in the UAE, the research will be particularly useful to early stage owner-operated businesses (start-ups and young firms). It touches on the key challenges facing entrepreneurs in the UAE, including the fear of failure that has a tremendous cultural significance in the country.

I recommend this research as essential reading for any individual with aspirations of setting up new business.



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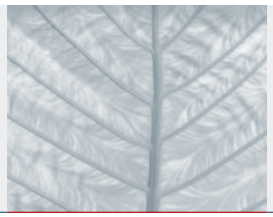

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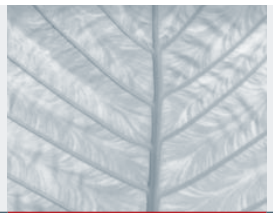
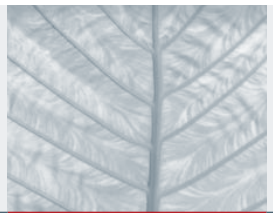




Executive Summary

The Top Ten Dominant Themes in 2006

This first GEM-UAE study into entrepreneurship within the United Arab Emirates provides powerful insights and practical solutions. The following reporting of the findings from this initial survey provides a baseline on which future survey outcomes may be compared so as to identify what changes have occurred as a consequence of public policy interventions and the growth of business activity in the entrepreneurship domain within the UAE. The intent of this report is to inform and influence public policy about entrepreneurship, as well as, assist in focusing on business activity through venture creation, growth and development.

The top ten key issues emerging from the GEM-UAE survey for 2006 are:

1. BUSINESS STAGE PARTICIPATION. The UAE does not compare well on international comparison in the level of business stage participation. In fact, it ranks forty-one of all forty-two nations surveyed in 2006 on the composite scale of business start-ups, young and established businesses. It also ranks thirty-eighth on the number of start-up and young businesses, that is, Total Entrepreneurial Activity (TEA);

2. FEAR OF FAILURE. There is a strong fear of failure in the community associated with the creation of a new venture. This is of tremendous cultural significance in the UAE as is the loss of face associated with business failure. If the UAE is to achieve its rightful place in the global entrepreneurial community, then passion for success must outweigh fear of failure, as well as the associated risk-aversion.

3. ENTREPRENEURSHIP AND EDUCATION. Education is critical to the future of entrepreneurship within the UAE. The higher the level of education, the greater the percentage of business owners. Not surprisingly, as education levels increase, the knowledge and skill level ratings increase, whilst the fear of failure as an entrepreneur diminishes. The non-degree issuing programs are perceived to enhance one's level of skills and competencies necessary in starting a new business more so than degree-issuing programs. However, non-degree issuing programs are associated with a higher level of 'fear of failure' as an entrepreneur. Generally, degree-issuing programs achieve a low level of 'fear of failure';

4. ACCESS TO FINANCE AND START-UP FUNDING SOURCES. Despite the UAE being flush with liquidity as high oil prices deliver strong revenue inflows into the country, much of this liquidity is being directed into regional equity and property markets. Public and/or private vehicles to channel these funds into supporting entrepreneurial ventures within the UAE are almost non-existent. This is highlighted by the survey finding entrepreneurs are forced to rely on their own social networks to source funding and, business angels, in the form of work colleagues, friends, neighbours and even strangers, are a significant source of venture funds. Accessing funds from commercial banks is difficult and expensive with banks playing a limited role in start-up funding in this country. Government programs account for the smallest percentage of funding sources.

5. GENDER ISSUES. The propensity to start a new venture is much lower in the female population. The few female respondents who were moved to create a business venture were motivated primarily by opportunity, than by necessity. Public policy will need to place greater emphasis on generating higher levels of interest in the female population in creating entrepreneurial ventures;

6. OPPORTUNITY PERCEPTION AND SELF-CONFIDENCE. Good opportunities are seen in the coming six months for starting a new business venture. However, fear of failure in the new venture was evident in the population, as was and much more importantly, the belief that the respondent did not possess the education, skills and competencies necessary for success in the new venture;

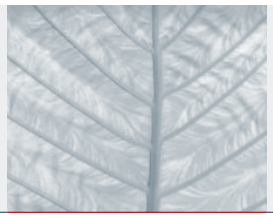
7. ENHANCING ONE'S STANDING WITHIN THE WIDER COMMUNITY. The interest in the creation of a new business venture within the UAE is based on the perception that it is a desirable career choice. It is also seen as a means of enhancing one's standing within the wide community. Furthermore, there is a perception that the media give coverage to the achievements of a successful new business;

8. INNOVATION, DIFFERENTIATION AND TECHNOLOGY ORIENTATION. Generally, established businesses are supplying all customers with 'novelty' products more so than nascent or young businesses. However, the nascent and young businesses are supplying smaller cohorts of customers with novel products. This outcome suggests that the start-up and young businesses are taking greater opportunity of the 'white spaces' in the market place. Start-up and young businesses are much more oriented toward technology utilisation than are established businesses. In fact, the nascent and young business is nine times more likely to be involved in the technology sector than is the established business;

9. BUSINESS START-UPS. Business start-up intentions in the UAE within the coming twelve months are relatively low on a global comparison, however, over the longer term of three years, there is near double the intention to start a business. Furthermore, business start-ups are a function of opportunity, rather than necessity motivation. The UAE has a relatively low level of business ownership across all three categories of business start-up,

10. AGE RELATED ENTREPRENEURSHIP. There is surprising interest in the younger population in creating an entrepreneurial venture. They are positive about the opportunities to start a new business – often perceived as a 'good' career move. This level of interest has diminished somewhat at the upper age band.

A fuller exposition of these top ten issues as well as other emerging issues identified from this study is presented in Part 4 of this report.



Strategic Action Steps

In response to the ten issues stated above, we propose the following key action steps:

1. BUSINESS STAGE PARTICIPATION. Awareness of entrepreneurship and its contribution to the overall economy must be raised to a much higher level that which presently exists. Programs, both from the public and private sectors, must be put in place to provide financial, material, managerial, educational and knowledge resources, as well as, operational support;

2. FEAR OF FAILURE. The self-confidence of the aspiring or emerging entrepreneur must be buttressed and nurtured. Degree-issuing programs assist to this end, much more effectively than do 'technical competence' programs. Mentoring of the young and or emerging entrepreneur by experienced and successful entrepreneurs with no vested financial or knowledge acquisition interest in the enterprise will assist in confidence building;

3. ENTREPRENEURSHIP AND EDUCATION. The concept and practice of entrepreneurship must become inherent knowledge within the K12/16 learning environment. Undergraduate and post-graduate college and university programs in entrepreneurship must become more widespread and at a major level. Degree-issuing programs are associated with a lower level of 'fear of failure'!;

4. ACCESS TO FINANCE AND FUNDING SOURCES. Most entrepreneurs in the UAE currently have to rely on their own social network to source venture funds. Both the public and private sectors in the UAE need to play a more active and supportive role in providing access to funding for entrepreneurs. A fund for entrepreneurs could be created by commercial banks with support from the Federal government to channel funds into business start-ups across the country.

5. GENDER ISSUES. Women in some nations are the greatest source of small venture creation. Knowledge of, and aspirations toward, leadership within the female population must not be constrained to starting at the top and leading others. It must also incorporate and inculcate the desire to create something new; a new venture in which one can lead others to the top (along with oneself) through the application of practical leadership;

6. OPPORTUNITY PERCEPTION AND SELF-CONFIDENCE. There is no substantive evidence of necessity motivation driving new business start-ups within the UAE. It is primarily opportunity driven. Thus, competence in opportunity recognition and assessment is a must if the incidence of sustainable new venture start-ups is to increase substantially;

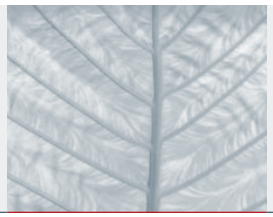
7. ENHANCING ONE'S STANDING WITHIN THE WIDER COMMUNITY. Community and cultural attitudes about the potential failure inherent in entrepreneurial activity must change. Informed and risk-assessed entrepreneurial activity is in itself a high risk option - but also a potentially high reward option;

8. INNOVATION, DIFFERENTIATION AND TECHNOLOGY ORIENTATION. Opportunity perceptions must be shifted from the 'me too' perfume shop, chocolate outlet and handicraft store to the creation and utilisation of innovative products and services. There is nascent technology orientation in the younger business, however, this needs to be enhanced and nurtured as this trend drops off, in part, as the business becomes older;

9. BUSINESS START-UPS. BUSINESS START-UP INTENTIONS OVER THE LONGER TERM ARE HIGHER THAN IN THE SHORTER TERM. Assistance and guidance in starting the new venture now must be given. Venture 'hatcheries' are often very expensive and have a notoriously bad track record over the longer term in nurturing new venture creation and sustaining that venture;

10. AGE RELATED ENTREPRENEURSHIP. The younger generation, the nation's leaders of the future, are more interested in creating an entrepreneurial venture than the older generation. Nurture them, support them, educate them, guide them, mentor them, tap this rich vein of positive sentiment toward creating the future, through the here and now.

The data collected in this study has led the GEM-UAE 2006 research team to draw conclusions and then recommend some strategic action steps. The primary conclusion from this study is that it would be most tempting to import a model of entrepreneurship from another economy, a country like Singapore for example, however, one must note that the UAE economy is a totally different economy with different drivers of entrepreneurship. A principal difference is that at present, there are no direct taxes in the UAE, thus, it would be difficult to provide tax breaks to incentivate entrepreneurial activity. Furthermore, one would be well advised to only be influenced by the model of a nation which is most highly ranked in the entrepreneurship stakes and then develop a model that best reflects the unique attributes of the UAE, rather than borrowing an inappropriate model from elsewhere. Thus, it is proposed that a Centre for Entrepreneurship be created within a recognised research-based academic institution to conduct ongoing research into entrepreneurial activity within this great nation. Furthermore, it recommends the future of entrepreneurship within the UAE be placed in the hands of an active steward at government level with the public policy support necessary to drive entrepreneurial activity forward.



Introduction

The GEM-United Arab Emirates Study - Project Overview

Since its inception in 1998, the Global Entrepreneurship Monitor (GEM) research program has collected data on an annual basis from member nations around the globe about the level of entrepreneurial activity and economic prosperity within their respective economies. The GEM consortium is made up of the member nations from which a governing committee is elected to review guiding principles and develop/enhance the prescribed protocols. Babson College in Wellesley Massachusetts, USA and London Business School (LBS) are the two principal academic institutions in the GEM consortium. The GEM coordinating team, currently based at LBS, oversees data quality control and produces the Global Entrepreneurship Monitor Executive Report. The initial consortium in 1998 consisted of ten participating countries which has now grown to forty-two (and growing) member nations (refer Table 1). The United Arab Emirates (UAE) joined the GEM consortium for the 2006 survey.

Table 1 – GEM Participant Countries -2006

GEM Participating Country	
1. Argentina	22. Jamaica
2. Australia	23. Japan
3. Belgium	24. Latvia
4. Brazil	25. Malaysia
5. Canada	26. Mexico
6. Chile	27. Netherlands
7. China	28. Norway
8. Colombia	29. Peru
9. Croatia	30. Philippines
10. Czech Republic	31. Russia
11. Denmark	32. Singapore
12. Finland	33. Slovenia
13. France	34. South Africa
14.Germany	35. Spain
15. Greece	36. Sweden
16. Hungary	37. Thailand
17. Iceland	38. Turkey
18. India	39. United Arab Emirates
19. Indonesia	40. United Kingdom
20. Ireland	41. United States
21. Italy	42. Uruguay

GEM is not only a consortium of member nations, it is also a prescribed methodology for each national team to follow for assembling harmonized data about the level of entrepreneurial activity within their respective economic environments: data collected and assembled in a standard format and harmonized in such a way as:

> *To facilitate meaningful cross national comparisons about entrepreneurial activity, the role of entrepreneurial activity in national economic growth, determining the factors the account for national differences in the level of entrepreneurship, and facilitating policies that may be effective in enhancing entrepreneurship* (Reynolds *et al,* 2005).

The GEM survey comprises two parts:

- The National Survey: a random sample of no less than 2,000 respondents from the national population (from all seven Emirates); and
- The Key informant respondents: thirty-six experts in nine key fields of interest - knowledgeable about matters important to the growth of entrepreneurial activity;
- Each member nation is responsible for providing data to GEM for the publication of the Global Entrepreneurship Executive Report (GEER) released annually around January. The national team then publishes the National Report which GEM requires not to be released until after the GEER.

The National Report aims to both inform and to influence public policy on entrepreneurship. The UAE is at the cross-roads in its economic development, and may well be poised for an important restructuring of its economy. This nation is well-served by an established corporate community of global brands and it has a strong and growing economy. However, knowledge about entrepreneurial activity within the UAE is not well formed. More importantly, and as Reynolds et al (2004:208) states: "…neoclassical models still do not take explicit account of the entrepreneur and entrepreneurial activity". Thus, this report aims to fill the gap in knowledge about entrepreneurial propensity and activity within the UAE.

Whilst national oil reserves underpin a strong, vibrant and growing national economy, the nation's leaders are not sitting on their laurels. Clearly much has been done to nurture the SME environment, but much more needs to be done to firstly better understand, and then optimise the conditions for markedly increased profitable entrepreneurial activity. Thus, this UAE-GEM 2006 report aims to inform public policy developers and policy decision-makers on the critical issues in entrepreneurship within the UAE.

Research Objectives and Theoretical Framework

The GEM program focuses on three main objectives:

- To measure differences in the level of entrepreneurial activity between countries;
- To uncover factors leading to appropriate levels of entrepreneurship;
- To suggest policies that may enhance the national level of entrepreneurial activity.

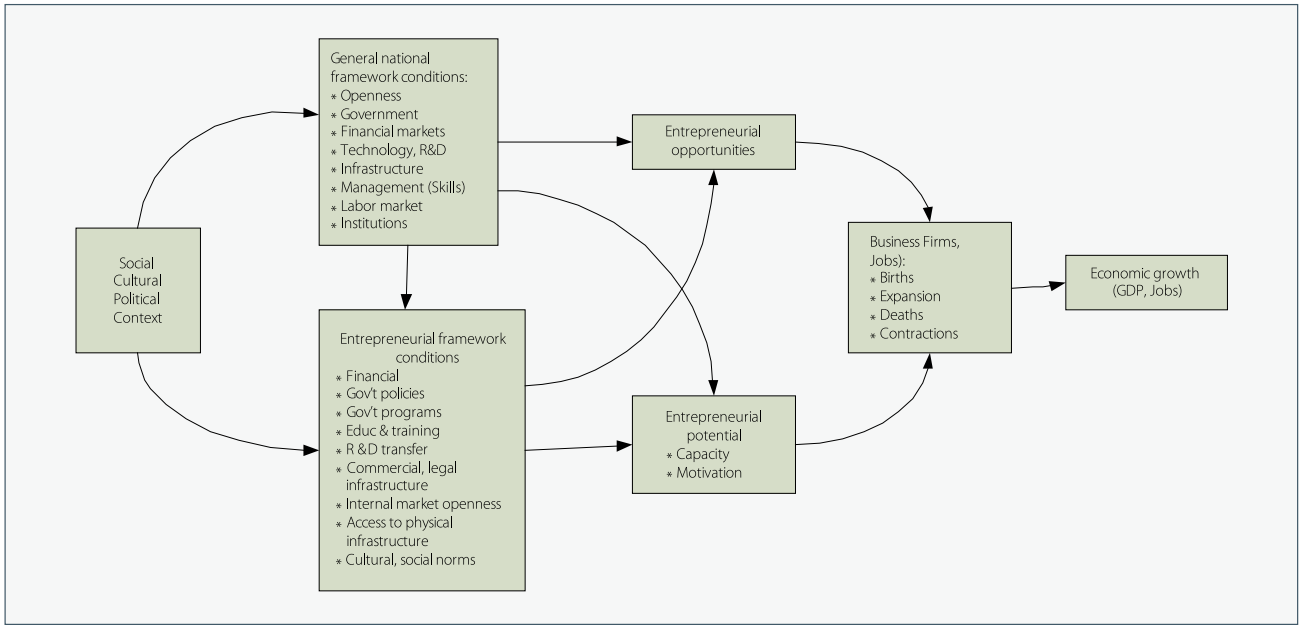
These objectives are explored in the context of a theoretical model illustrated in Figure 1. Before the advent of the GEM project, most studies of economic performance focused on established enterprise – the status sector of the economy. The value of emerging (as distinct from established) enterprise was missing from most attempts to measure economic performance.

GEM focuses its attention on a set of factors that specifically and variously influence the entrepreneurial sector. These are termed the 'Entrepreneurial Framework Conditions' and are the basis of questions employed in both a national population survey (minimum of 2,000 respondents) and a combination of structured and unstructured interviews with thirty-six experts (referred to as 'Key Informants') subjectively selected on the basis of their knowledge and credibility with respect to the various entrepreneurial framework conditions.

The set of framework conditions and their relationship with each other are detailed in Figure 1 and cover the following:

- Social, cultural and political context
- General national framework conditions;
- Entrepreneurial framework ;
- Entrepreneurial opportunities and potential; and
- Economic growth.

Figure 1 - GEM Conceptual model



In the GEM research model, the framework conditions are considered to be the main determinants of a nation's entrepreneurial environment. They achieve their influence in combination with entrepreneurial opportunity and entrepreneurial capacity. These factors – environment, opportunity and capacity (which includes both the skills and the motivation to capitalise on opportunity) – act together. Their combination determines the rate of business activity: birth, growth and death (business churning), which in turn contribute to economic growth and prosperity.

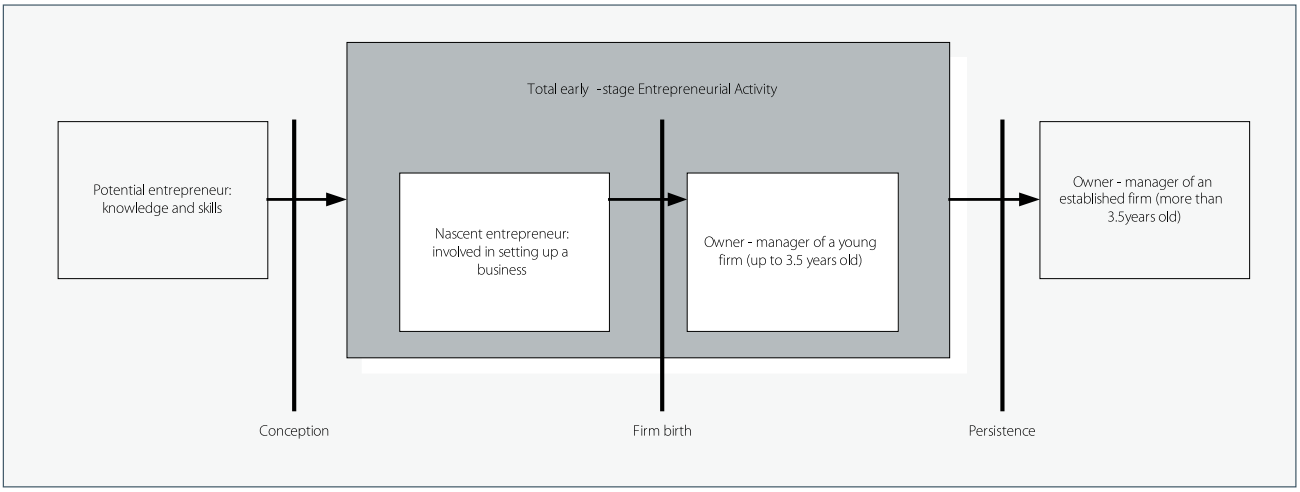
Gem's Research Methods

Three main data collection methods are used:

- An adult population survey, randomly sampling a minimum of 2,000 typical adults;
- Face-to-face 'open-ended' interviews with at least 36 experts (Key Informants) on various aspects of entrepreneurship. These experts also complete a detailed, structured questionnaire;
- The use of selected national economic data, measured in standard units, from credible international sources including the Organisation for Economic Cooperation and Development (OECD) and the World Bank.

Population measures across the three stages of entrepreneurial activity for the GEM-UAE study are represented in Figure 2. This model identifies the three stages of entrepreneurial activity from potential entrepreneurial knowledge and skills to nascent and young firm to owner manager of a business established for more than three and a half years. The GEM study includes questions aimed at eliciting multiple measures across these three stages.

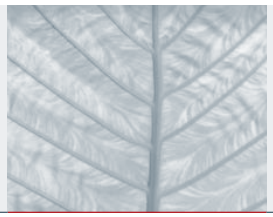
Figure 2 - Population Measures of Entrepreneurial Activity



Format of the GEM-UAE 2006 Report

This report is structured in four parts as follows:

- Part One: The National Population Survey;
  -The results of the national survey are presented in this section.
- Part Two: The Key Informant Survey;
  - The Key Informant narrative responses are presented here along with the results of the Key Informant survey. Note that Key Informant person-to-person interviews were not conducted for the Emirati sample.
- Part Three: Emirati Entrepreneurship – Some Initial Insights;
  - Initial summary results of the survey into the national or Emirati population are presented in this section.
- Part Four: Implications – Key issues in entrepreneurship within the UAE;
  - The implications of the national study are presented.



Part 1

The National Population Survey

A prescribed structured questionnaire provided by the GEM international consortium was used in the Adult Population Survey to collect data about entrepreneurial activity within the UAE. To this end, an internationally respected population survey company was appointed to conduct the survey. An important consideration in the appointment of the survey team was the need to demonstrate experience in conducting large National Random Surveys of the magnitude required here within the region across multi-cultural and multi-lingual groups.

The UAE offers some unique challenges in conducting national surveys, in that it is a federation of seven independent states with business activity heavily concentrated in two major centres, Abu Dhabi as the National Capitol and Dubai as a major commercial hub. However, the smaller Emirates are equally important as economic microcosms of the larger commercial activity centres. Sharjah, for example, because of its less expensive property and close proximity to Dubai is rapidly becoming the dormitory for the much larger and much more affluent neighbour, whilst also generating additional business activity in its own right. Needless to say, all seven Emirates are equally important in the over-all scheme of national entrepreneurial activity. However, it should be remembered here that this is the National Report; therefore, the focus will be on national outcomes of the survey. Individual Emirate and/or regional outcomes may be published in subsequent reports as and when required.

The GEM-UAE survey was conducted to produce a National Random Sample. The survey was presented in three languages, that is, English, Arabic and Urdu (sometimes Hindi) versions. In so doing, the survey team was drawn from a pool of interviewers competent in one or more of the above languages. Furthermore, the UAE national population has not been as exposed to what may be seen as intrusive questioning about their business activities, questioning which is often taken for granted in other national populations. Therefore, considerable extra effort was required to place respondents at ease when conducting the survey. In addition, the sponsors requested an over-sampling of the Emirati population for the very same reason, that is, little is known about the entrepreneurial activities of the national population.

A stratified random sample of the national population with a minimum of 2000 respondents was selected from both the mobile and landline telephone directories. The sample included respondents from both the urban and rural regions. The UAE has a unique telephonic infrastructure whereby mobile telephones have a greater mobile phone market penetration rate than landline, that is, over one-hundred twenty percent versus about thirty percent (Al Tayer, Gulf Business, 2006: 26). Thus, the population sample was surveyed primarily via the mobile phone.

The following is the split for Land Line and Mobile Phone contacts in the data:

- Sample A (n = 2,001): 690 land line calls and 1,311 mobile phone calls;
- Sample B (n = 1,011): 292 land line calls and 719 mobile phone calls

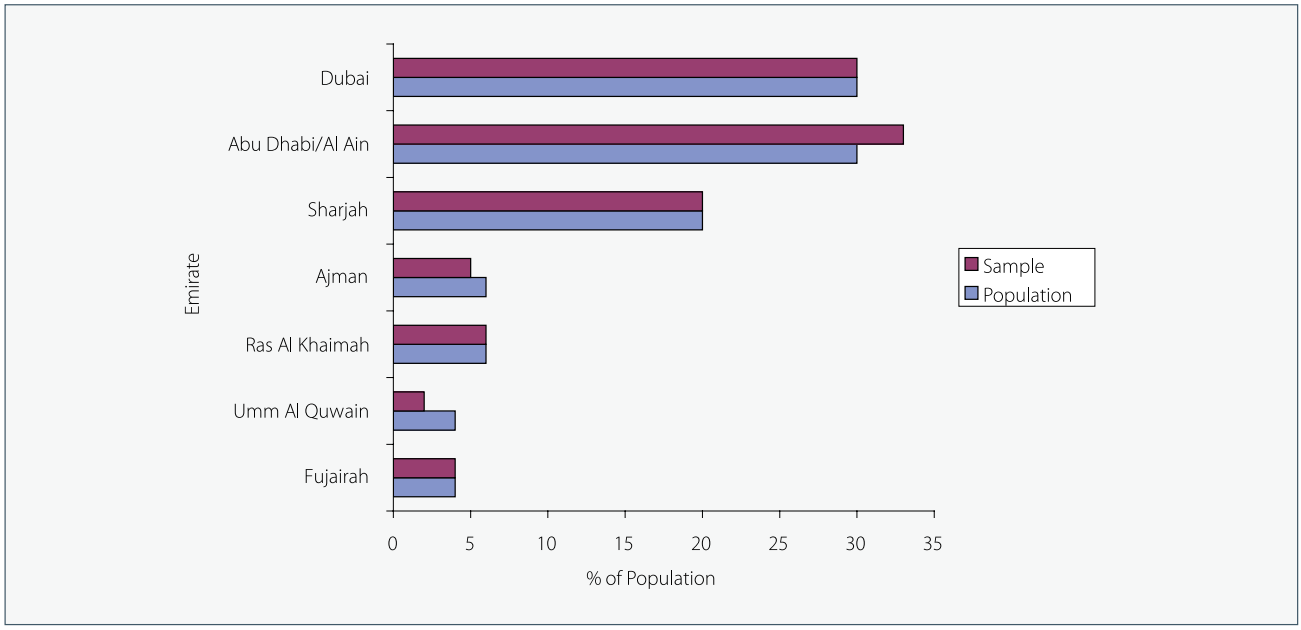
The mobile phone sample was selected by adopting a Systematic Random Selection technique, that is, every nth (186th number in case of Adult Population Survey) number listed in the telephone directories was contacted. For Landline numbers, the respondent was selected using the Next Birthday Technique. When the respondent did not answer the call or was not available at least six call backs were made before the next randomly selected respondent was contacted.

The survey team consisted of both English and Arabic speaking interviewers, as well as, Urdu (and Hindi) speakers for interviewing expatriates from the sub-continent who are domiciled in the UAE. Where the respondent was only familiar with the Arabic or English (or Urdu/Hindi) language, the call was diverted to the relevant interviewer.

Sampling reflected the population distribution figures in the TEDAD 1995 Census. The 2005 UAE Census was conducted throughout 2005-2006; however, the population profile was not available in time for inclusion in the data analysis presented in this report.

The approximated national population distribution for each Emirate/region is presented in Figure 3, as is the actual survey population sample frame. The demographics demonstrate that the actual data sample closely reflects the general population distribution throughout the seven Emirates. As per the GEM requirements, Military Personnel and the Labour Class from 'Labour Camps' were not included in the population sample.

Figure 3 - Approximate National Population by Emirate



The UAE population of 4.1 million is distributed throughout the major cities like Dubai and Abu Dhabi, however, there are a small number of important and significant centres of business activity throughout the nation (e.g., Al Ain in the Abu Dhabi Emirate) which have populations in excess of 40,000. Thus, the population sample also included nineteen percent of respondents from the rural areas.

The respondent sample also reflected the gender distribution as well as the 'working age' profile of the eighteen to sixty-four year age population. The UAE has skewed demographics for the male-female population as a result there are more than twice the number of males to females in the survey sample, that is, sixty-seven percent of the population were Male and thirty-three percent were Female. Thus, the gender mix generally reflects the gender imbalance within the UAE. The gender imbalance is exacerbated by the expatriate community (mostly Asian male, but not exclusively) whereby the male gender leave their home country without their spouses and live in the UAE for the purpose of creating wealth which is expatriated back to the family in the home country. The Filipino expatriate community has a large female cohort serving as domestic help in the UAE, however, no exact figures are available at time of publication, but it is likely they do not outweigh the male expatriate population.

The age distribution of the respondent sample is presented in Table 2. The GEM protocol called for sampling at age eighteen and above, however, in the data collection process it was determined that seventy-seven respondents aged sixteen to eighteen years of age were actively involved in business activities. Thus, these respondents were included in the sample.

Table 2 - Population Sample Age in Categories

Age	Frequency	Percent
16-18 Yrs	77	3.85
18-24 Yrs	313	15.64
25-35 Yrs	733	36.63
35-44 Yrs	559	27.94
45-54 Yrs	235	11.74
55-64 Yrs	63	3.15
65-98 Yrs	16	0.80
Unstated	5	0.25
Total	2001	100.00

Approximately twenty percent of the UAE population are Nationals or Emirati. The remainder are Arab, Asian or Western Expatriates. Thus, there is a broad mix of many cultures in the UAE, from the Arab, Asian or Western regions. There are many cultural sub-groups which have been categorised into the four broad groups as defined above. The population sample for each group is presented in Table 3.

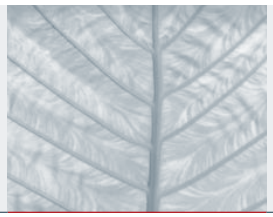


Table 3 - Cultural Groups in Sample

Region	Percentage
Local/Emirati	20
Arab Expatriate	30
Asian Expatriate	46
Westerner	4
Total	100

The work and/or related activity of the population sample were categorised into six groups, full-time work, part-time work, housewife, student, unemployed and retired/disabled. The population sample for each work activity is presented in Table 4. The largest group in the sample is the full-time worker, followed by the house wife/house husband, then the student population. Students within the UAE often create a small enterprise, usually offering 'me-too' type products like perfumes, chocolate or hand-crafted goods.

Table 4 - Work Activity

Occupation	Frequency	Percent
Full-time work	1223	61.12
House-wife/House-husband	349	17.44
Student	202	10.09
Part-time work	154	7.70
Unemployed	41	2.05
Retired/Disabled	20	1.00
Unstated	12	0.60
Total	2001	100.00

Entrepreneurial Environment in the UAE

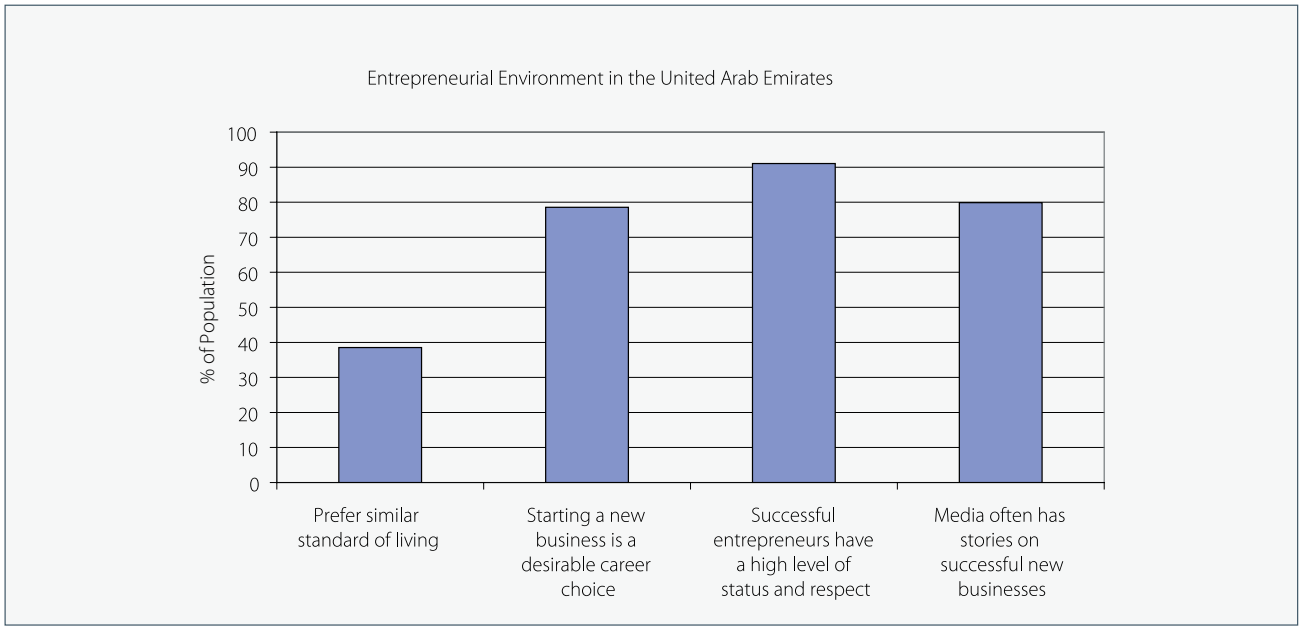
The UAE environment for the entrepreneur is investigated from three perspectives:

- The underlying preference for maintaining one's standard of living;
- Starting a new business as a desirable career choice;
- As a means of enhancing one's standing and respect within the community; whilst the successful business also gains some media coverage.

Entrepreneurial Expectations

A fundamental expectation for near forty percent of the respondent population (refer Figure 4) is that their personal standard of living within the UAE at least remains the same and, whenever possible, improves. It is within this context that starting a new business is seen by over seventy percent of the population as a desirable career choice: maybe a means to an end. The means of transforming one's present economic/financial circumstances, and the end being the creation of an enterprise that may well enhance one's standing within the wider community. The successful entrepreneur is seen by over ninety percent of the respondents as holding high status and respect within the community. Furthermore, eighty percent of the respondents indicated that the media is often seen to present stories about successful new businesses. Naturally, the principals of that business would bask in the spotlight of that media coverage.

Figure 4 - Entrepreneurial Environment in the UAE

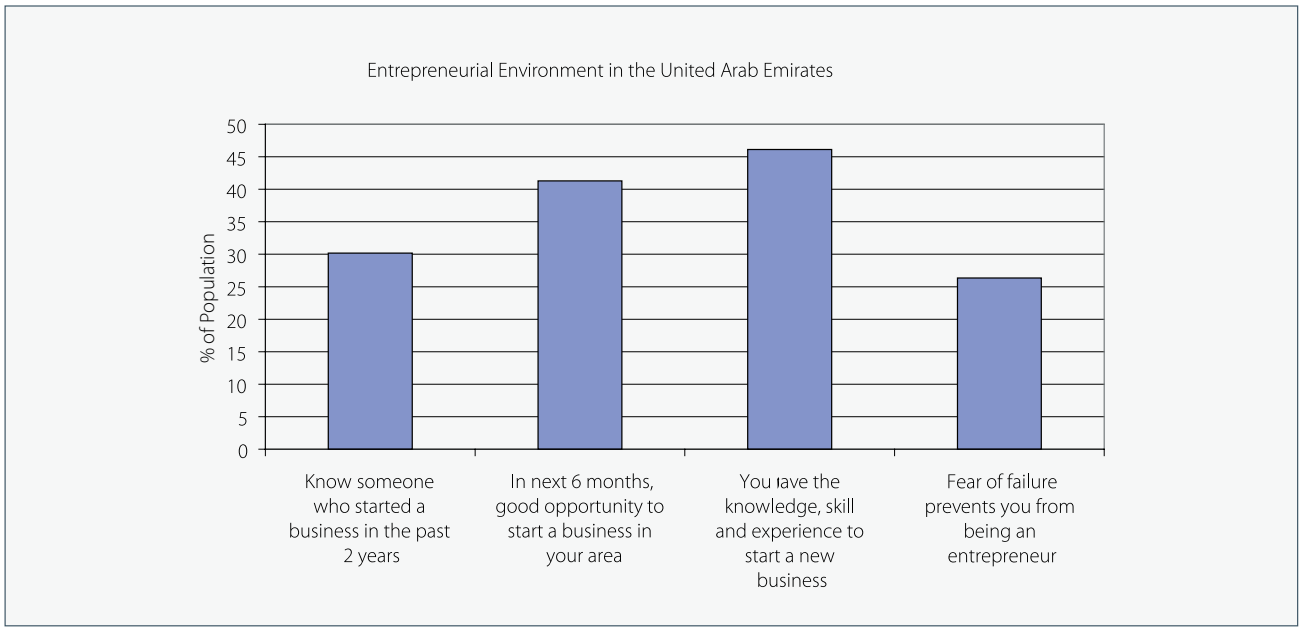


Opportunity Perception and Confidence to Grasp the Opportunity

Over thirty percent of the respondents indicated that they knew of someone who had started a business within the past two years (refer Figure 5). Furthermore, over forty percent of respondents considered that in the next six months there would be good opportunities to start a new business within their area of business interest. More importantly, over forty-six percent of respondents considered that they possessed the knowledge, skills and experience to start a new business. On the other hand, over twenty-six percent of the respondent population, considered that "fear of failure" would prevent them from becoming an entrepreneur.

Slightly over fifty percent of the respondents indicated that they had no "fear of failure" about starting up a business, but considered they did not have the knowledge and skills to so do. Of those who considered that they possessed the knowledge and skills to start a new venture, again slightly over fifty percent concluded that they were fearful of failure in starting-up a new business. The other near forty-seven percent were both fearful of failure and also indicated that they did not possess the knowledge and skills to start-up a business. Clearly this latter group would most likely possess little interest in starting a new business when they felt they fell short on two critical aspects of business start-up, that is, knowledge and skills combined with the confidence in oneself to take the plunge.

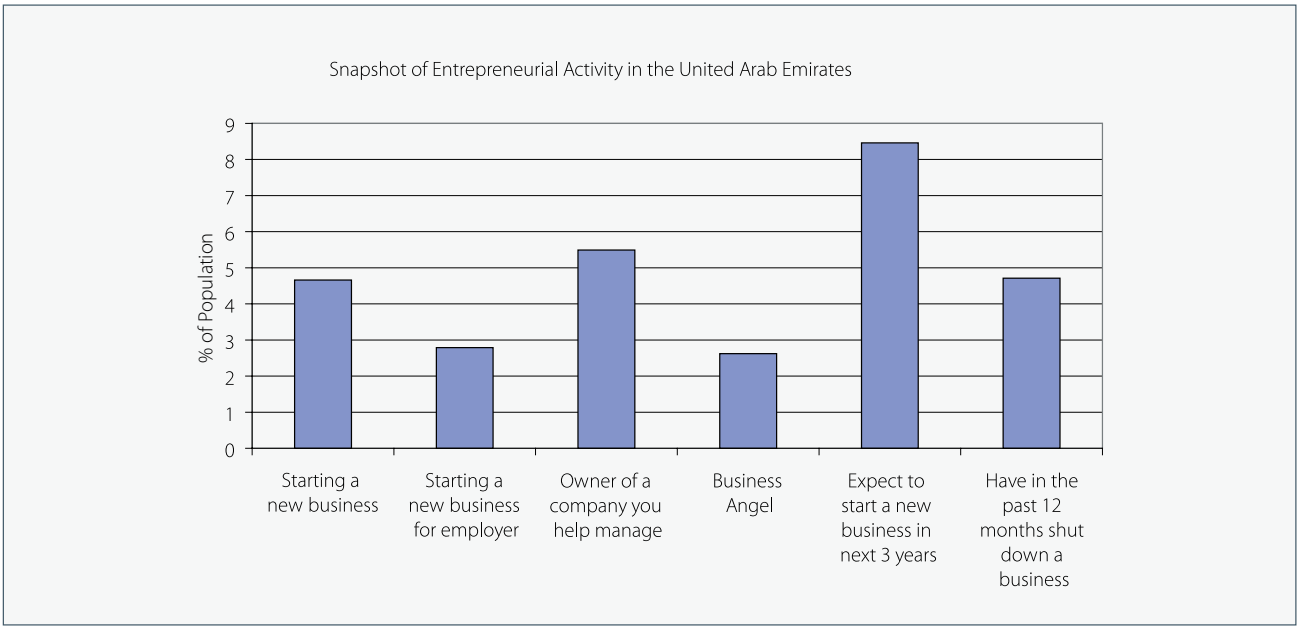
Figure 5 - Starting a New Business – Confidence to Do It



Starting, Expecting to Start, and Closing Down a Business

Less than five percent of the respondents indicated that they intended to start a business for themselves (with one or more partners) within the coming twelve months (refer Figure 6) and less than three percent were starting a new business for their employer. Over five percent of the respondents were an owner/manager.

Figure 6 - Starting, Funding and Closing a Business

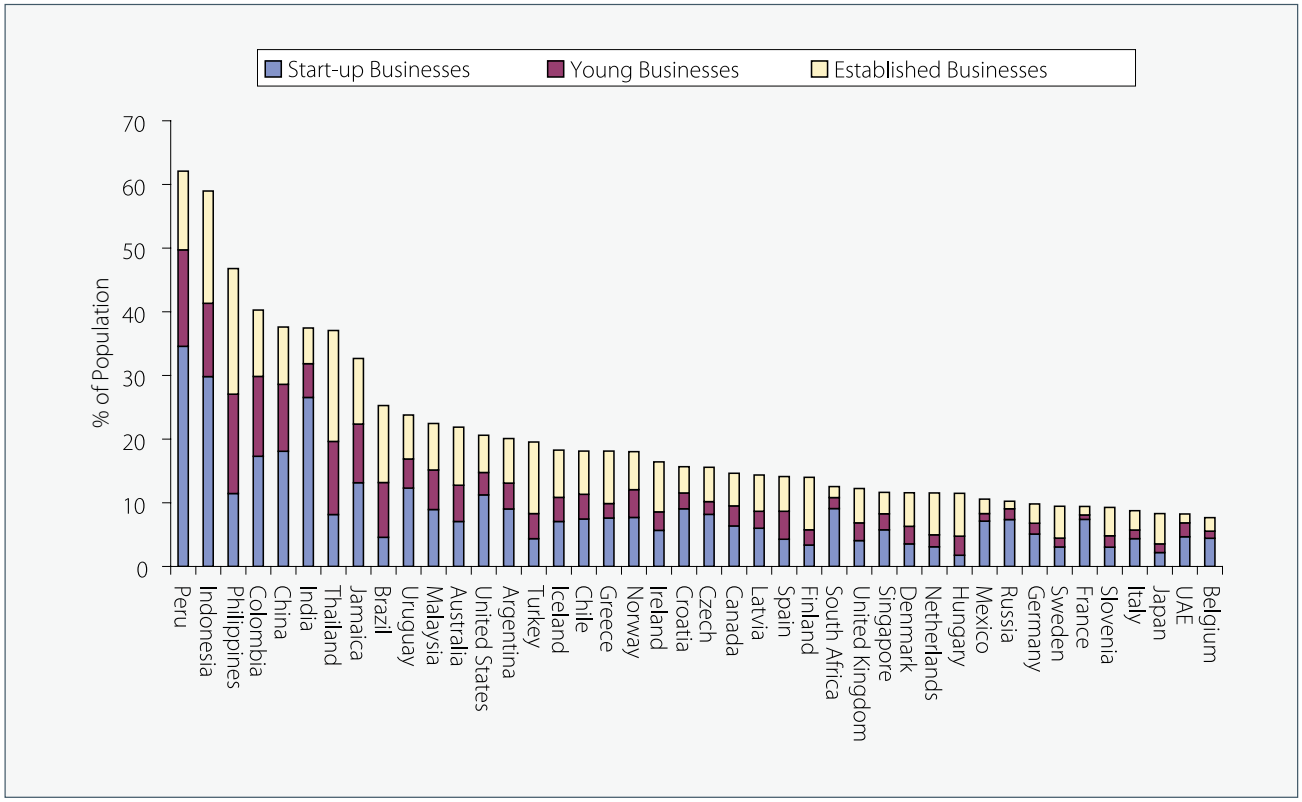


More than two percent of the respondents provided funds for others to start a new business, such fund providers are commonly referred to as 'Business Angels'. Most importantly, near nine percent of the respondent population expected to start a new business within the next three years. Given the survey sample is over two thousand respondents, and assuming that there may well be one to three partners in the business and also that all prospective start-ups eventuate, this amounts to a possible sixty to one-hundred and eighty new business ventures within the coming three years. Naturally, all proposed business ventures will not come to fruition, however, creating a nurturing environment for maximising the number of new ventures and developing the skills and competencies for success should be a priority.

Participation Rates

A composite chart of the three stages of business for the forty-two participating nations in the 2006 GEM cycle is presented in Figure 7. The three stages include Start-up, Young Businesses and finally Established Businesses. The UAE ranks second to last to Belgium on the composite list. The UAE has relatively low levels of business ownership across all three categories when compared with the other forty-two participating nations. The UAE ranks twenty-ninth on start-up businesses, thirtieth for young businesses and fortieth for established businesses.

Figure 7 - Composite International Comparison of Business Stage Participation



Given international media coverage of business activity within the nation, particularly within the major financial centres like Dubai and Abu Dhabi, as well as, high profile acquisitions of international corporations, along with the world-class construction activity (particularly in Dubai) it would be easy to conclude that the UAE is 'buzzing' with new ideas funded by a 'booming' economy. The data from this survey suggests that just the opposite is the case!

It may well be surprising to those first visiting a GEM National Report how a less economically developed nation like Peru tops the list of business ownership as a percentage of the population. This outcome is consistent with rankings for previous years and should be seen as being attributable to necessity motivation - a condition to be discussed more fully later in this report. On the other hand, it is not surprising to find the two large and emerging economies of China and India being ranked in the top six nations on the composite chart (five and six respectively on the composite rankings– refer Table 5).

Table 5 - Emerging World Economies Rank

Nation	Start-up	Young	Established	Composite
China	4	6	10	5
India	3	11	24	6

The pattern of rankings of these two nations tells us something about the flow-through of business activity within these emerging economic giants. Start-up rankings for both nations are in the top four, young businesses are ranked six and eleven respectively and established businesses are at rankings of ten and twenty-four. Clearly there is a flow-through effect that takes time to mature.

Early-Stage Entrepreneurial Activity (TEA)

What is TEA? The acronym TEA represents the Total Entrepreneurial Activity Index. The TEA index is a composite of variables identifying (Bosma et al, 2002: 17):

- Nascent entrepreneurs: people currently involved in concrete activities to set-up a new business: and
- Owners of young businesses: people currently owning a business that is less than 42 months old.

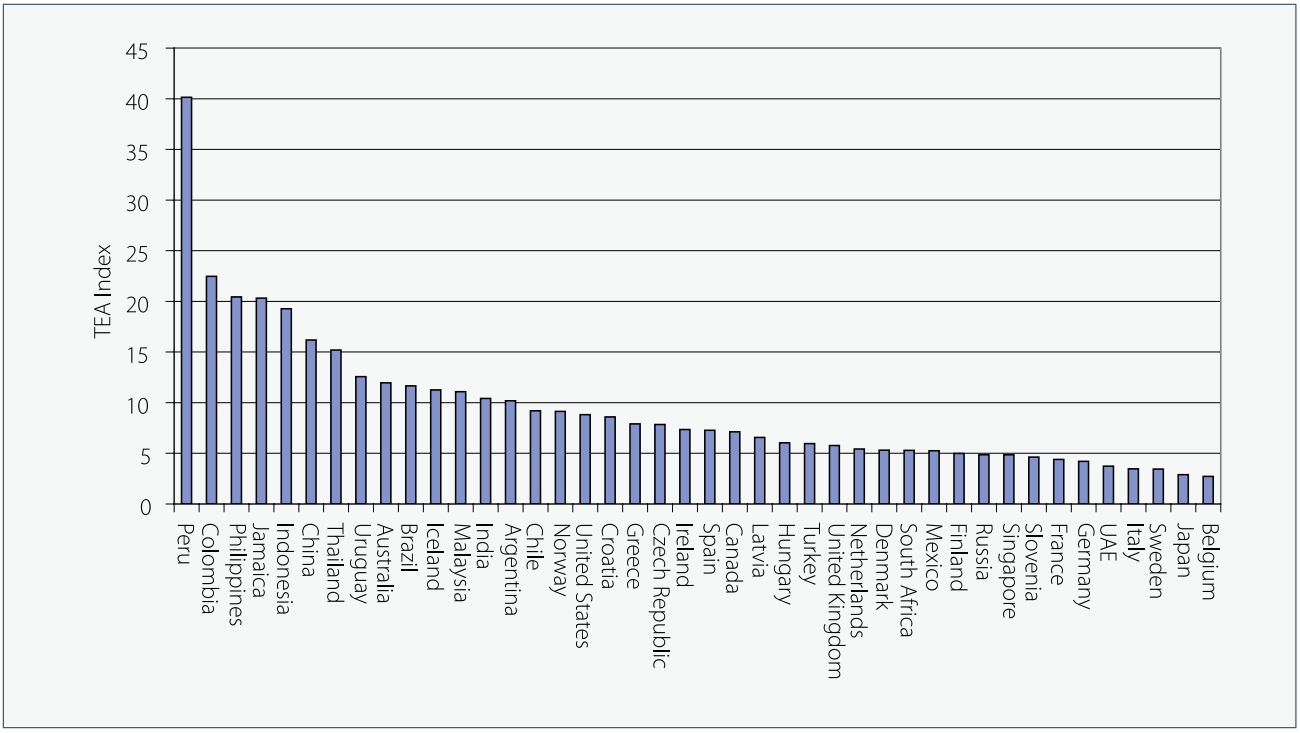
Thus, TEA combines the percentage of the working population with start-up and young firm business involvement (minus people simultaneously involved in both).

One may, on the one hand, argue that the TEA is a useful indicator of potential growth in the economy. However, the initial optimism for creating a growing venture providing jobs and transitioning into a larger enterprise often does not eventuate. Therefore, one should be cautious when drawing conclusions about the potential economic impact at the national level of TEA scores.

The UAE has an early stage or TEA participation rate of 3.74 percent and in comparison with the composite three-stage participation rankings, is placed at thirty-eight on a list of forty-two nations (refer Figure 8). Peru's position remains unchanged at the top of the rankings.

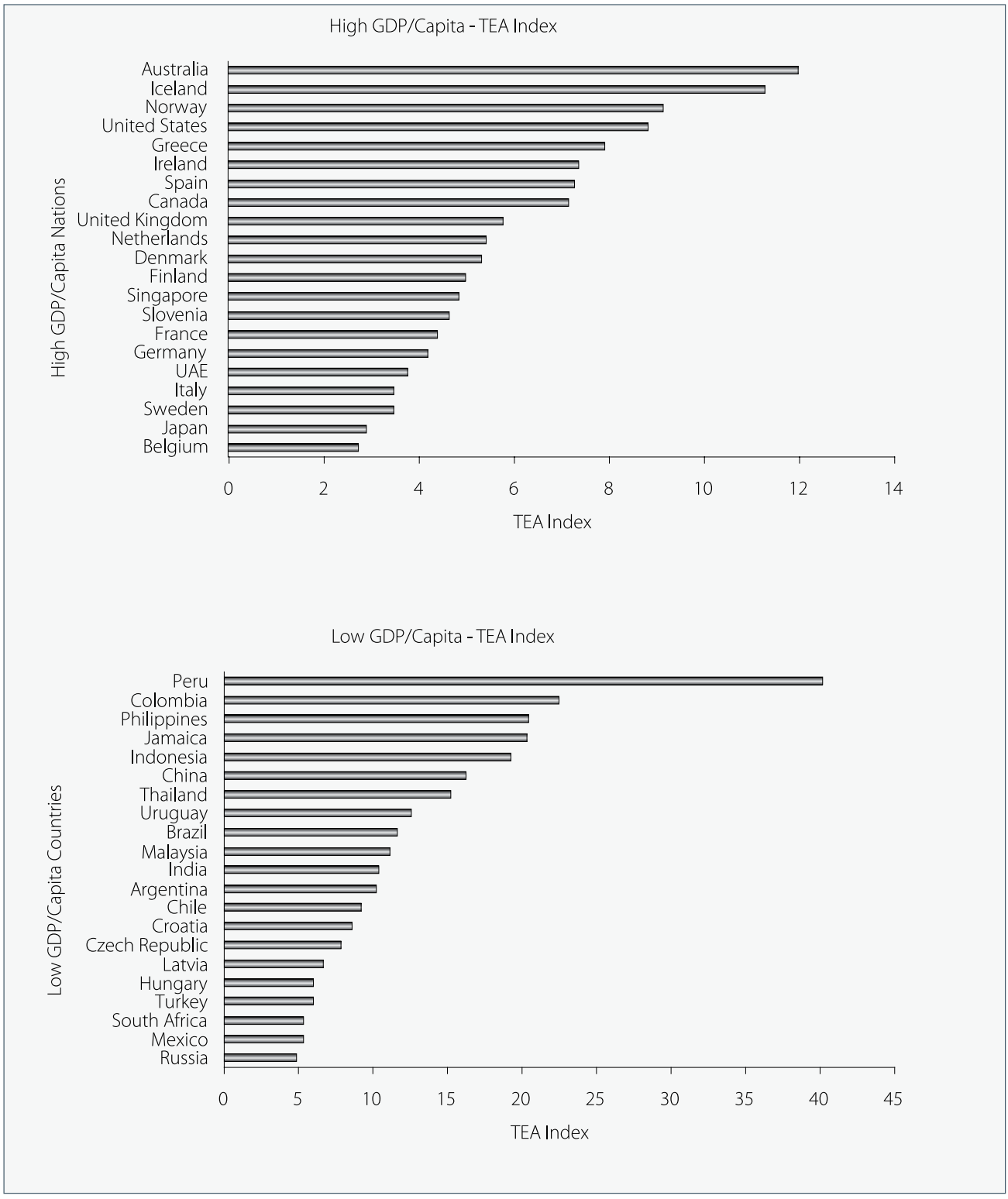
Again, caution is recommended so as not to misinterpret these findings or place them out of context. One should not simply conclude that nations high on the TEA Index are more 'entrepreneurial' than those lower down the list; even as appealing as such a conclusion might be to the policy makers of nations. Refer to Hindle & O'Connor (2004: 11) for an example of where "…particular constituencies (Public Servants) have rushed to judgment on the basis of a distorted impression." These index rankings should be interpreted in conjunction with more subtle measures (to which we refer later) like motivation, innovation propensity, growth orientation, financial support and entrepreneurial capacity so as to place the nation's entrepreneurial activity in context and to better understand the nature and form of that activity. As often repeatedly argued by Hindle & O'Connor (2004:11), "…the nature and quality of new ventures is more important than their mere quantity."

Figure 8 - International Comparison of the TEA Index



Comparisons are presented in Figure 9 between Low and High GDP nations (non-GEM variable) and national TEA Index scores (GEM variable) for the purpose of placing entrepreneurial activity, that is, the role of early-stage participation rates within some broader economic context. The GDP per capita (hereinafter stated as GDP) was collected for the forty-two participant countries and the mean score calculated at $US20,543. Thus, $US20,000 was selected as the mean point for categorising the countries into High and Low GDP groups. This cut-off point also coincided with a natural break in the GDP scores. Refer Figure 13 for a graphical comparison of the two groups.

Figure 9 - Comparison Between Low and High GDP Nations

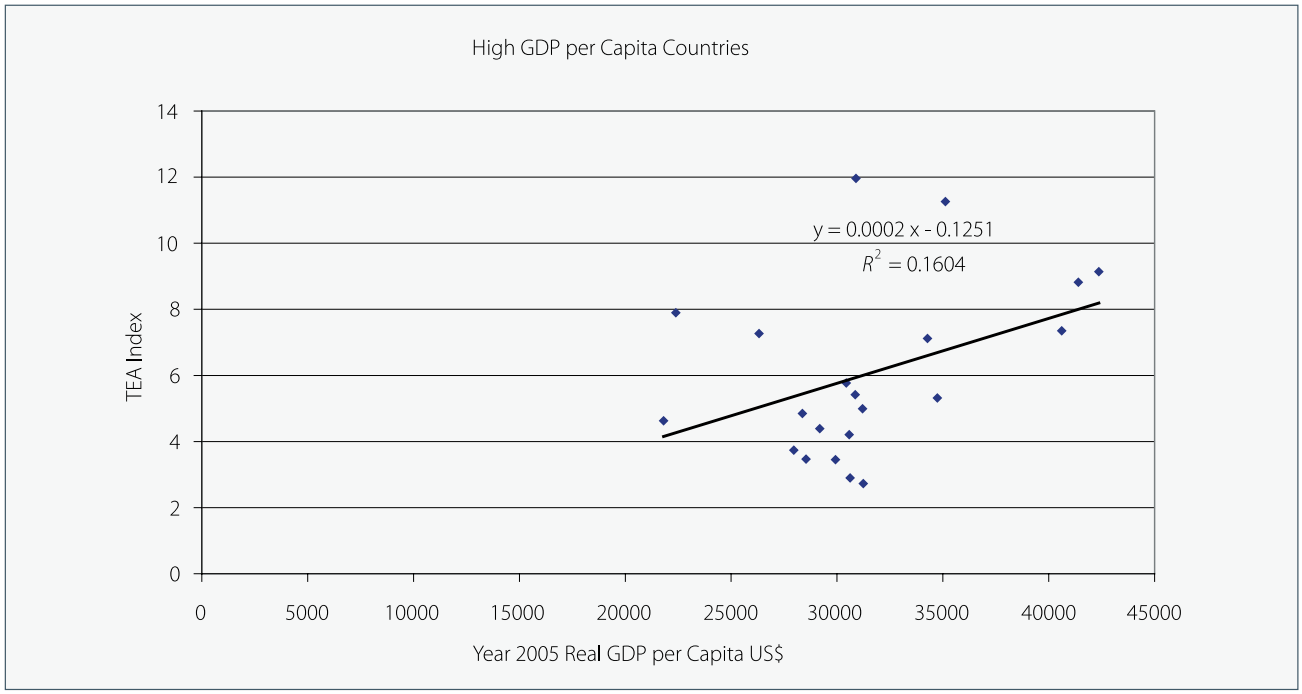


A common belief is that GDP is directly related to entrepreneurial activity and that the higher GDP countries should have higher levels of entrepreneurial activity than do lower GDP countries. The opposite, however, can be the case. Peru is an example in point, where its GDP is one of the lowest of the countries surveyed, yet frequently tops the TEA Index. Reasons for this will be discussed later, other than to say here that economic 'necessity' is a common driver of nascent entrepreneurial activity.

In the analysis of High GDP countries, it can be seen that there is a very weak positive correlation between a Country's TEA score and its GDP (refer Figure 10). The line of best fit, which cuts through the data points, indicates that a $1,000 increase in a country's GDP would

only lead to a 0.2 point increase in its corresponding TEA score. Importantly, the *R*-squared value of 0.16 indicates that only sixteen percent of the variation in a country's TEA score can be explained by changes in its GDP. Clearly, there maybe other more subtle factors at play here.

Figure 10 - Relationship between TEA Index and High GDP/Capita



The analysis on the relationship between a country's TEA score and its GDP for the Low-GDP countries reveals a different story with a much stronger, negative correlation apparent. The line of best fit in Figure 11 indicates that for every $1,000 decrease in a country's GDP, there is a corresponding increase in its TEA score of 0.12 points. This could be explained, in part, by an increase in necessity entrepreneurship that arises as GDP falls. Again, it is important to note that only thirty-three percent of the variation in a country's TEA score can be explained by changes in its GDP.

Figure 11 - Relationship Between TEA Index and Low GDP/Capita

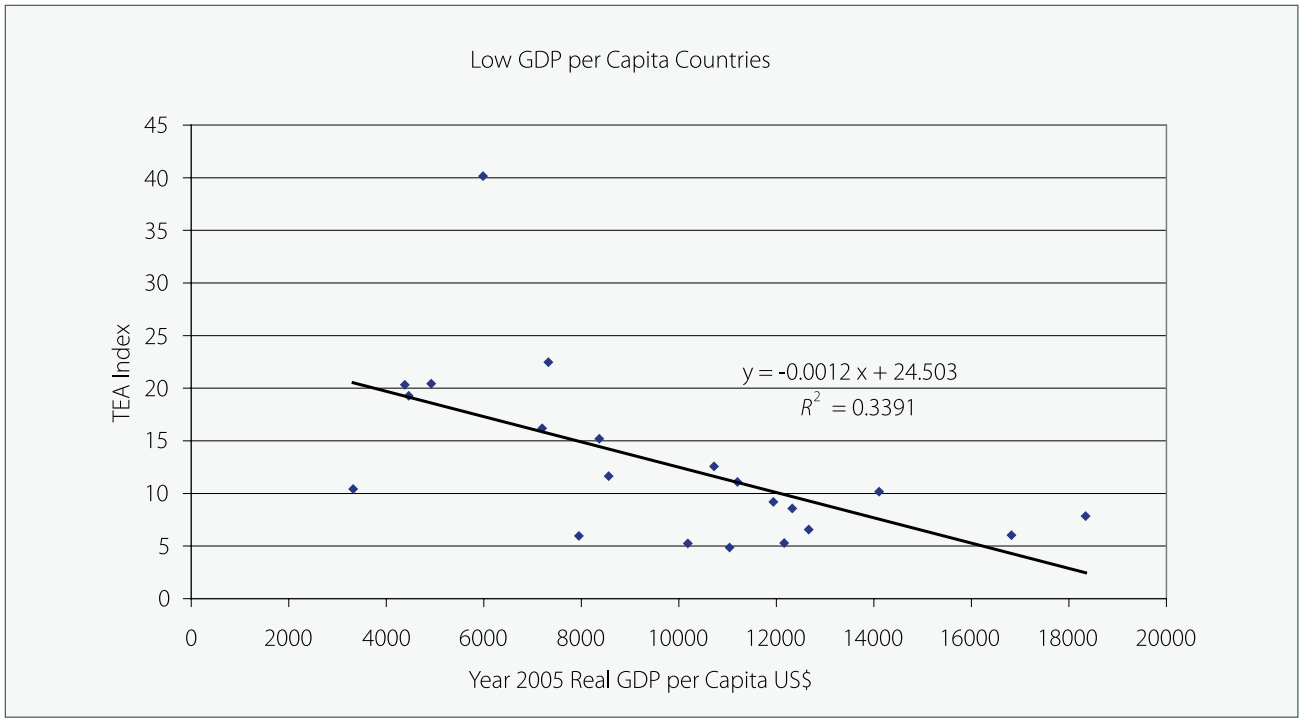
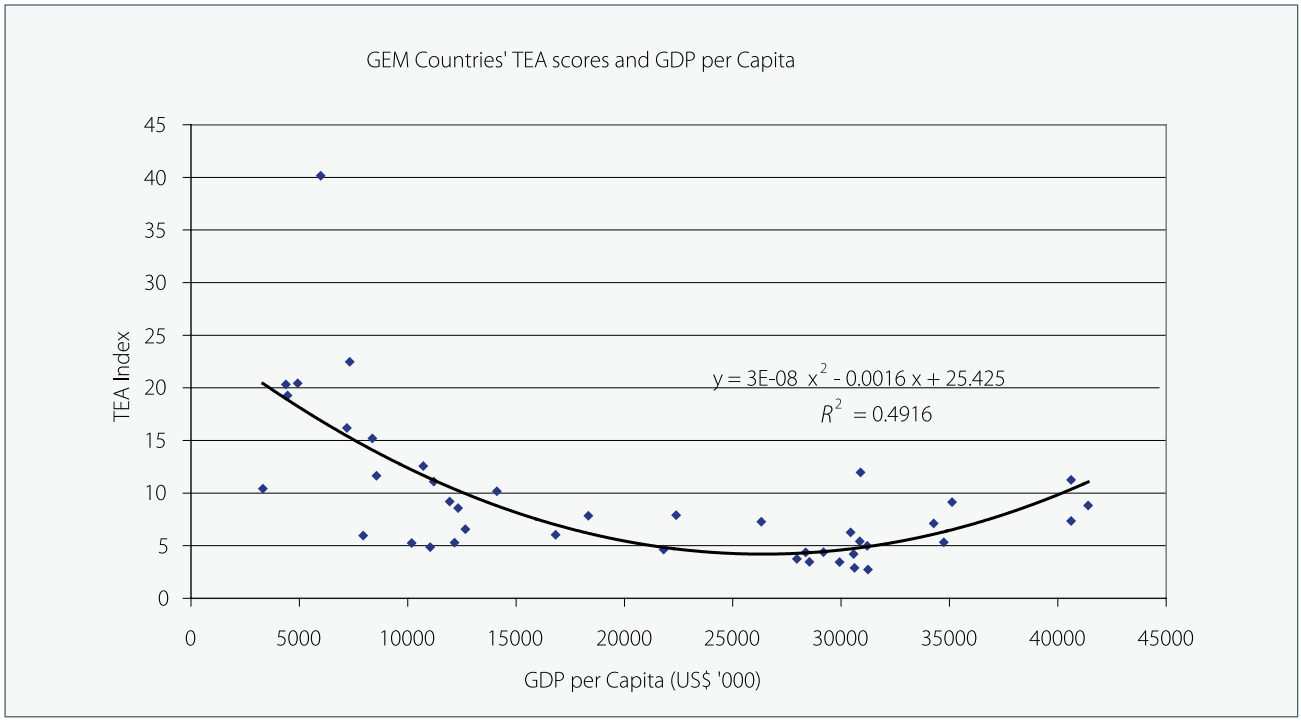


Figure 12 shows the relationship between a country's TEA score and its GPD. Figure 12 can be divided into 3 distinct zones. Firstly, for countries whose GDP is below US$20,000, one can see that increases in national wealth are associated with declining TEA scores. This could reflect better job opportunities for people who were previously involved in some form of necessity entrepreneurship.

Figure 12 - Relationship Between TEA Index and GDP per Capita



For countries whose GDP lies between US$20,000 and US$35,000 there appears to be little correlation between a countries TEA score and its GDP.

Finally, for countries where their GDP exceeds US$35,000, increases in national wealth is associated with increasing TEA scores. This could reflect an increase in opportunity entrepreneurship and a desire for individuals to have more control over their working lives.

To further explore the relationship between GDP and TEA, a statistical analysis was conducted to ascertain if there is any correlation between the TEA Index and GDP for the developed and also for the less developed nations. No statistically significant correlation was found between a developed nation's general economic prosperity (GDP) and the TEA index ($p<0.289$, two-tailed). This outcome is consistent with the findings of Hindle & O'Connor (2004). Note: Hindle refers to the same index as PEP – Percentage of Early-Stage Participation. However, there is an inverse correlation (approaching significance) between the TEA and the GDP for the under-developed nations, that is, a strong negative association ($p<0.052$, two-tailed).

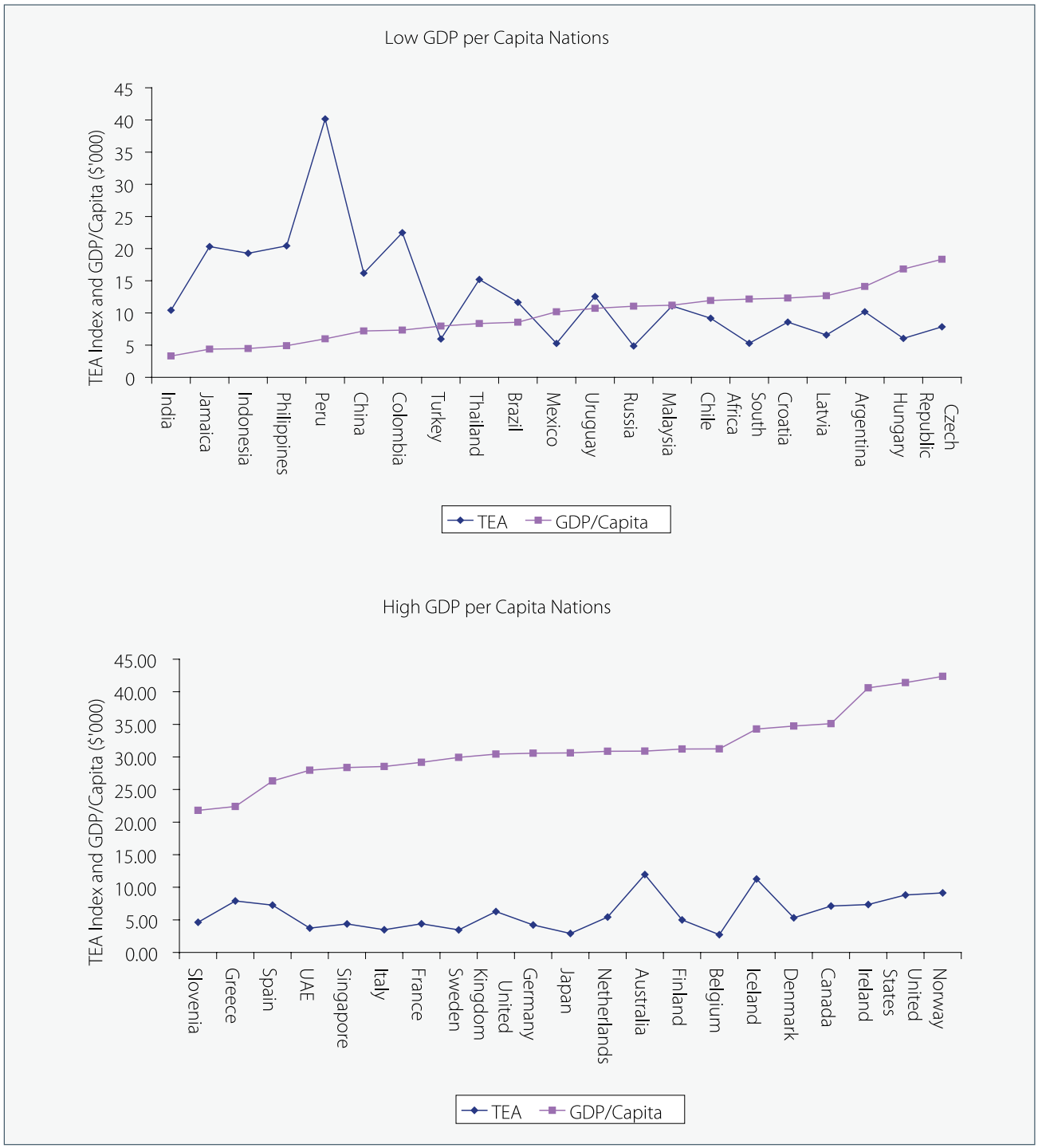
Hindle & O'Connor (2004: 60) argue that the raw number of start-ups and young firms is not a "critical issue" in developed countries and that "it doesn't matter much" in the broader scheme of things. We would argue an alternative view, that is, start-ups are the lifeblood of developed nations ongoing economic survival over the long-term and that nations like the United States of America maintain its position in the business scheme of things because entrepreneurship is central to business development, renewal and ongoing overall economic activity. We further argue that the sheer scale of nascent through to corporate entrepreneurial business activity is so deeply ingrained in the economic activity in such a highly developed business environment as in the USA that the threshold of impact of entrepreneurial activity is much higher and, therefore, less well reflected in the respondent ratings via the measurement instruments used in the GEM survey.

Figure 13 presents two charts of relationships for both the high and low GDP nations against their respective TEAs. In the low GDP nations, as GDP falls, so does the TEA rise considerably against the GDP index. For the more developed nations, the pattern of TEA and GDP, and the relationship between the two, is somewhat more stable.

To test the argument that there is a relationship between TEA and GDP in the high GDP nations (refer Hindle & O'Connor, 2004: 60) we further explored correlations between the TEA indexes and GDP for both high and low GDP nations. For high GDP nations the GDP and TEA indexes are not significantly correlated ($R = .248$, $p < .067$, two-tailed). However, for the low GDP nations, the GDP and TEA indexes inversely correlate strongly and significantly ($R = -.457$, $p < .002$, two-tailed).

A quick scan of the GDP and TEA indexes in the high GDP nations, suggest it might be worthwhile to explore the possibility of correlations within this group. Thus, a split-half analysis of the High GDP sample was conducted, that is, the top ten GDP nations' GDP and TEA indexes were compared. The sample was split into two sets, the top ten nations in Figure 13 compared to the bottom eleven nations from the same cohort. The GDP and TEA index scores correlate at a level of significance for the top ten GDP nations ($R = .933$; $p < .01$, two-tailed). For the remaining eleven nations no significant correlation was discovered between the GDP and TEA indexes.

Figure 13 - Relationship between GDP and TEA



Thus in our view, the argument that the raw number of start-ups and young ventures "does not matter much" in the overall scheme of things when referring to nations within the High GDP category is not a sustainable argument. In fact, the higher the GDP, the more significant the relationship between GDP and TEA. Where significance between GDP and TEA fades, is at the middle level within in the high GDP nation nations. In other word, a bimodal distribution of relations between GDP and TEA indexes.

For a developing economy like the UAE, broadening the economic base of the nation, and therefore national wealth, is absolutely critical to its next stage of economic growth and development. Furthermore, it is our view that engendering and promoting entrepreneurial activity within a nation's larger economy often provides greater flexibility in the restructuring of the corporate sector, particularly where there is pent-up desire within the corporate population to create a business entity for themselves as a means of greater control over their life and business activities.

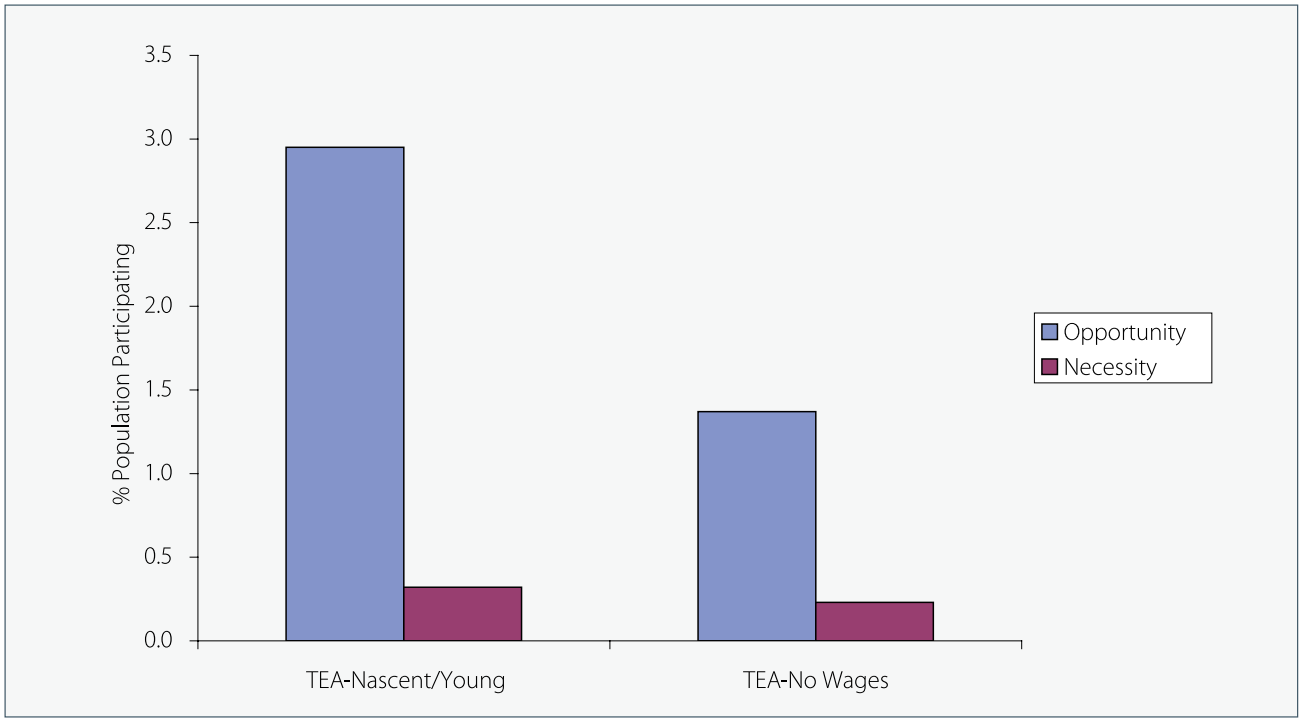
Given the UAE is placed in the Developed Nations category in this analysis it would, in our view, be foolhardy for UAE Public Policy makers to ignore the impact of entrepreneurial activity in this much smaller economy. We would argue that it is absolutely critical to the next phase of economic development for the nation.

Motivation Propensity

As stated earlier, knowing what initially motivates the business operator to start-up or operate a young business venture provides important insights that can assist in nurturing this activity across the wider population. For example, was the venture created and operated because of necessity of circumstances or just grasping the opportunity as it presented. A larger percentage of respondents reported that opportunity, rather than necessity was the prime motivation for involvement in a nascent or young firm (Refer TEA Index in Figure 14).

However, the TEA Index scores drop off by more than half for the opportunity motivation when there has been no salary of wages paid for three months or more. Clearly opportunity is a driving force behind business start-up and operation, however, the initial motivation diminishes if there is no monetary reward for effort over a period of three months.

Figure 14 - Motivation of Participating Population



Innovative Propensity

Three aspects of innovative propensity are discussed here, they are:

- Product/service novelty;
- Differentiation from competitors; and
- Incorporation of new technology

The first propensity is a reflection on the question: "Will all, some or none of your potential customers consider this product or service new and unfamiliar?"

The second propensity is a response to the statement: "'Nothing similar is being offered by competitors".
The third propensity is: "Were the technologies or procedures required for this product or service generally available more than one

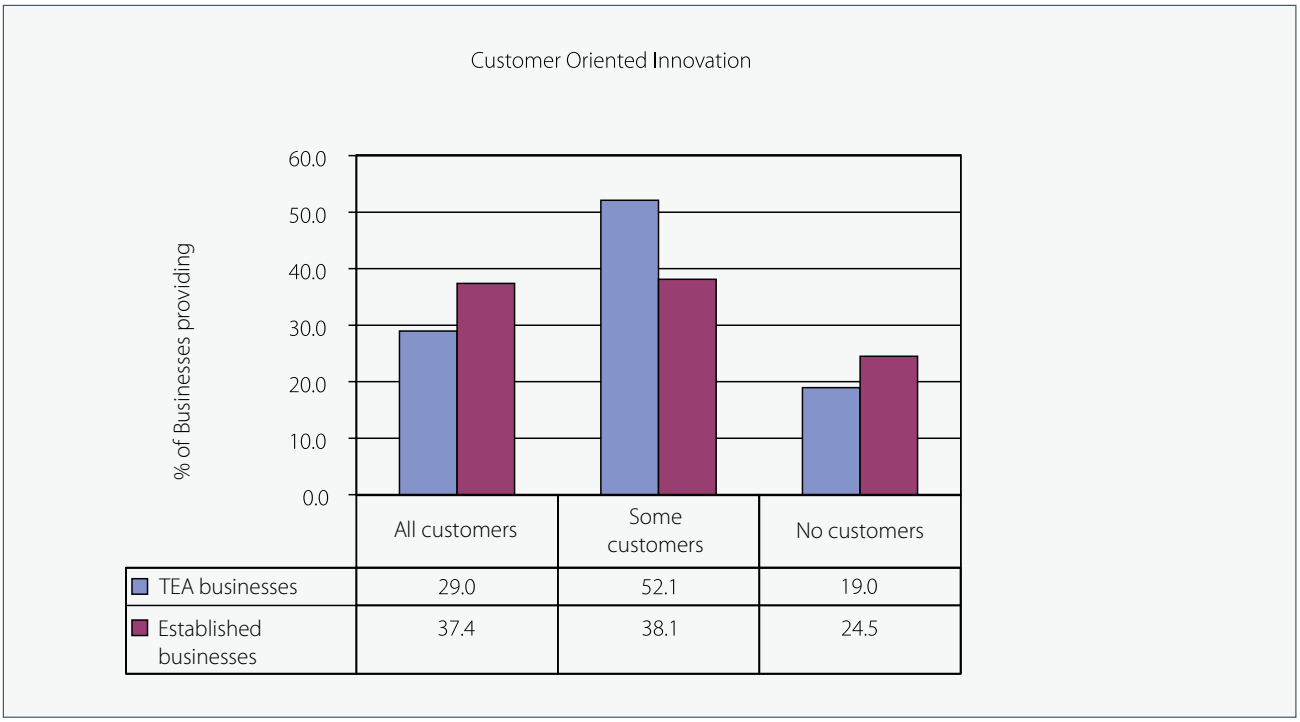
year ago". A "yes" response indicates low utilisation of new technology and a "no" response suggests a high level of new technology utilisation. These questions expand over the one to five and more than five years time frame.

Product/Service Novelty

A comparison was conducted between the 'novelty to customer' of the product offering for both nascent and young as well as established businesses across three classifications of customers, those offering novelty to 'All Customers', novelty to 'Some Customers' and novelty to 'No Customers'. The data indicate that the established business is supplying all customers in their client base with novelty products more so than the start-up or young business (refer Figure 15). For the nascent and young business, however, the novelty mix is higher for the smaller cohort of 'some customers' and then drops below the level offered by the established business whereby there is no novelty to the client group. This outcome may well reflect the established business' closer ties with, and possibly a better understanding of, a long-established client base and their product/service needs: in essence a mature marketplace. At the same time, the results also suggests that the start-up and younger business are offering a wider product mix of novelty and non-novelty products to a broader client base.

Market knowledge/experience, balanced with the commercial imperative of financial survival in just keeping the 'door open for trade', may have driven the established business to serve a mature market with a mix of novelty and non-novelty products more so than the start-up and young business. However, a closer look at product differentiation data may well provide further insights into the differences between the nascent/young business

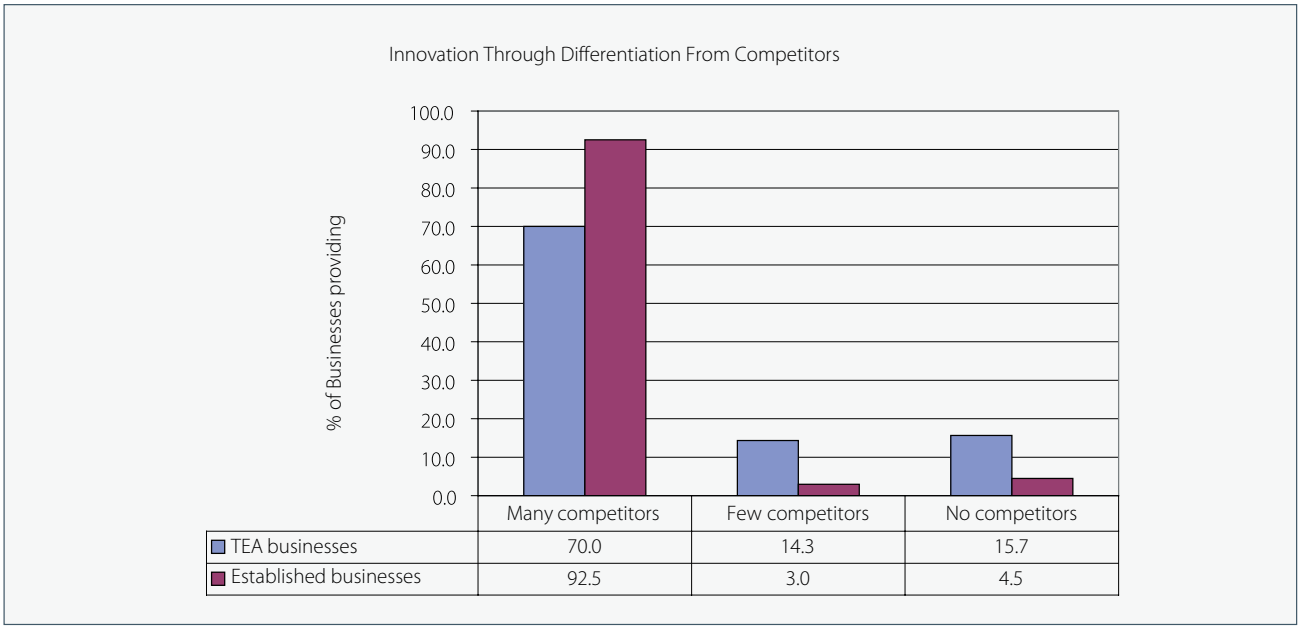
Figure 15 - Product Novelty to "All", "Some" or "No" Customers



Differentiation Oriented Innovation

Differentiation reports on the level of competition in the market place for start-ups and young or established businesses offering the same product/service. Established businesses appear to be operating within a more demanding environment where there are many more competitors than for the start-up or young business (refer Figure 16). This is not surprising, in that if an established business created an innovative product/service at the outset, then competitors are most likely to quickly create a product/service offering in response that is equally and/or more innovative, thus, creating a higher level of competition. Conversely, the start-up and young business have the luxury to stand back, evaluate the market offerings and identify the 'white space' niche that offers the greatest opportunity for maximising market penetration or profits.

Figure 16 - Similarity in Product Offerings



	Many competitors	Few competitors	No competitors
TEA businesses	70.0	14.3	15.7
Established businesses	92.5	3.0	4.5

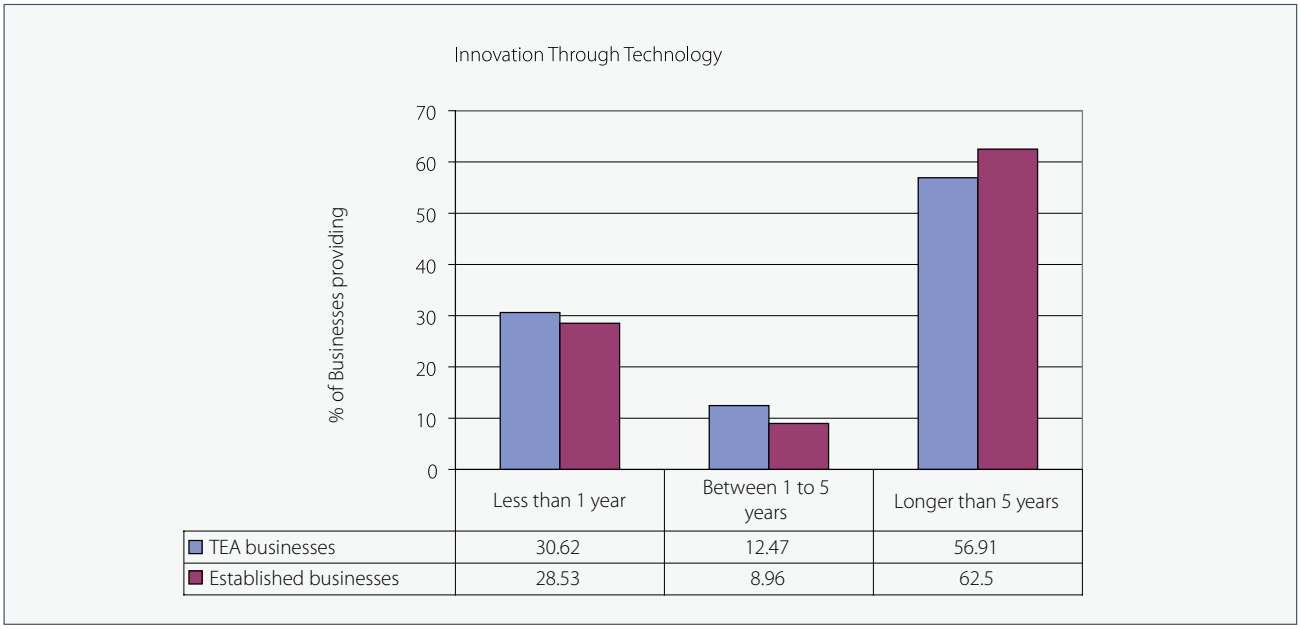
Technology Oriented Innovation

The market place is broken up into three main categories of technology, that which is less than one year of age, technology one-to-five years of age and then the older less innovative technology which is more than five years old.

Respondents were asked the question, "Were the technologies or procedures required for this product or service generally available more than one year ago?" A "Yes" response indicates low new technology utilisation and a "No" indicates a high level of new technology utilisation.

The start-up and young businesses are slightly more oriented toward new technology utilisation of one year of age or less than the established business (refer Figure 17) for that technology category. However, there is a much lower new technology orientation across the board for all business categories. Although, the established business is slightly less new-technology oriented than the younger or start-up business.

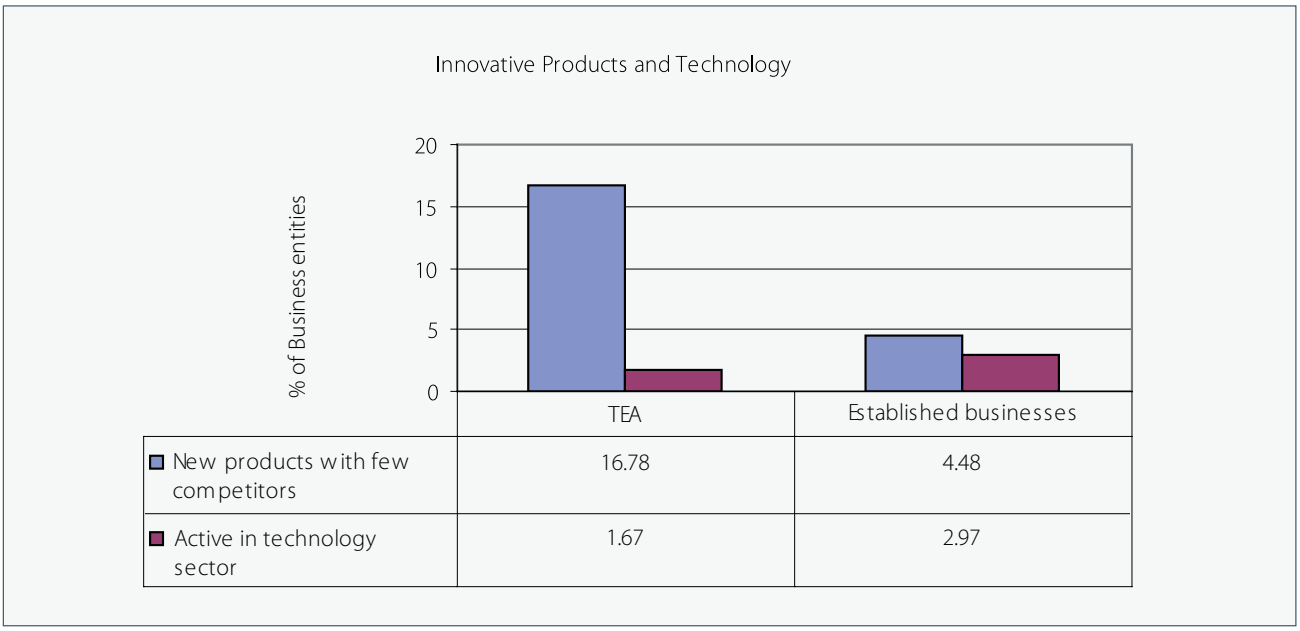
Figure 17 - Utilisation of Technology over Time



	Less than 1 year	Between 1 to 5 years	Longer than 5 years
TEA businesses	30.62	12.47	56.91
Established businesses	28.53	8.96	62.5

To explore activity in the technology sector versus the innovation market-place a comparison was made between the start-up and young with the established businesses across the innovative product - technology product areas. The most obvious outcome is that activity is low within the technology sector (refer Figure 18).

Figure 18 - Product Newness, Technology and Competition



Furthermore the established business sector is much less likely to be involved in the technology sector than the nascent or young business. In fact, the nascent and young businesses (TEA) are nine times more likely to be involved in the technology sector than innovative product sector.

Given recent federal and state government initiatives to set-up aeronautical and related high-tech ventures within the UAE, there clearly needs to be a re-orientation toward the technology sector for all three business categories within the entrepreneurial domain.

Two Aspects of Growth Orientation - Intentions and Expectations

Growth intentions and expectations of proprietors were measured and reported here. It should be noted that few if any business owners start out with low-growth expectations, in fact, over-inflated expectations are often the cause of business failure. Respondents intending to create a business venture and recruiting employees over the coming five years were asked to identify the number of employees they expect to hire. This measure is also an indication of the size of the company they expect to create.

Table 6 indicates that at least one company expected to hire two hundred or more employees, up to one thousand, over five years. Four companies expected to hire at least twenty employees. And the remainder expected to hire up to ten employees. Given these expectations come to fruition, then over thirteen-hundred employees are expected to be hired over a five year period through the creation of fifteen new business ventures. However, one should treat these numbers with some caution as expectations often do not come to fruition!

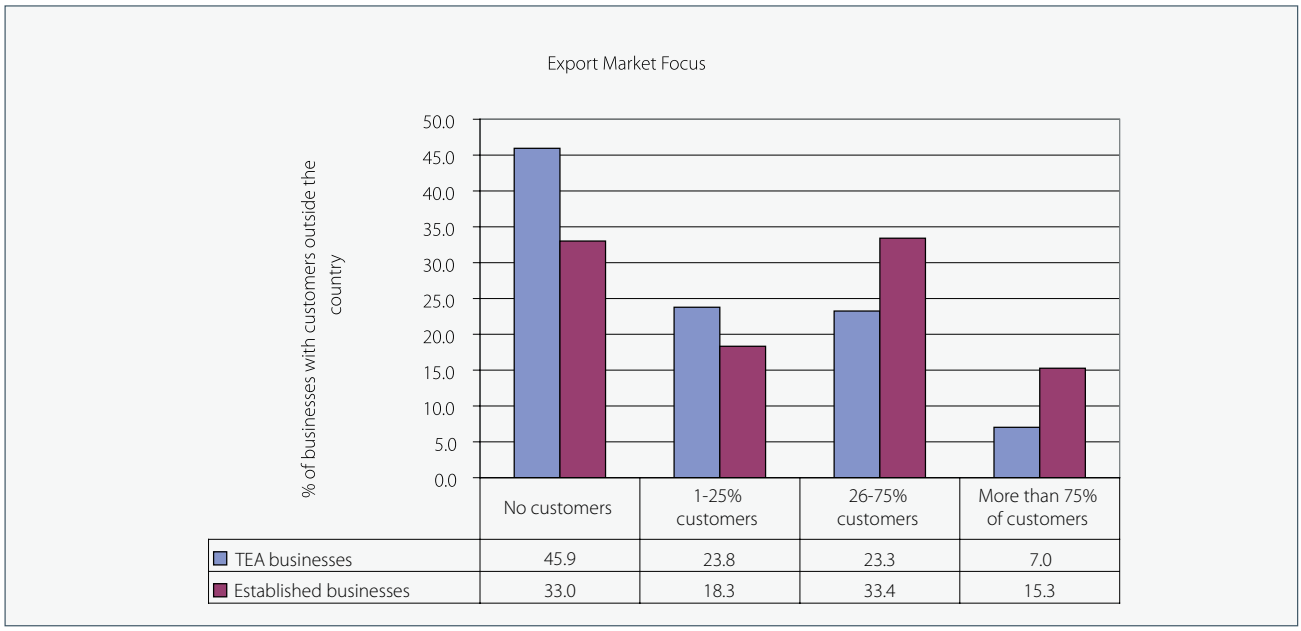
Table 6 - Expected Employee Growth over Five Years

Expected Number of Jobs	Number of Companies	Number of Employees
0	2	0
5	1	5
6	1	6
8	2	16
9	1	9
10	2	20
20	4	80
200	1	200
1000	1	1000
Total	15	1336

Export Market Focus Overseas customers

Over fifty-percent of the start-up and young businesses have at least twenty-five through to seventy-five percent of their customers overseas; similarly, over sixty-percent of the established businesses have the same size export customer base (refer Figure 19). However, the GEM data does not tell us if the export focus is regional international, (e.g., the Gulf Cooperation Council) or truly global. Clearly there is an export focus in the UAE business community, however in aggregate, the established business community has a stronger export focus than the start-up/young business. This outcome can be expected, as the established business has had a longer time to develop an overseas client base than the start-up or young business. On the other hand, a greater number of start-up and young businesses have overseas clients - but as a smaller percentage of their overall client base.

Figure 19 - Export Market Focus



The data suggest that as the business matures, the overseas client base is expanded, however, to what geographical region(s) is as yet unclear. But the GEM data does tell us something more about the UAE export focus, that is, how the UAE compares with other nations exporting good and services. The UAE, in fact, shapes up rather well on this scale. It is ranked number two of the forty-two participating nations on the number of start-up and young businesses (TEA) that have between twenty-five and seventy-five percent of their customers overseas (refer Figure 20). Furthermore, the UAE tops the scale on the number of established businesses that have between twenty-five and seventy-five percent of their customers overseas (refer Figure 21). Similarly, the UAE tops the list of countries that have more than seventy-five percent of their customers overseas (refer Figure 22).

It should be remembered here that the UAE has a large re-export industry - even at the SME level.

Figure 20 - Start-up and Young Business Customers that are Overseas

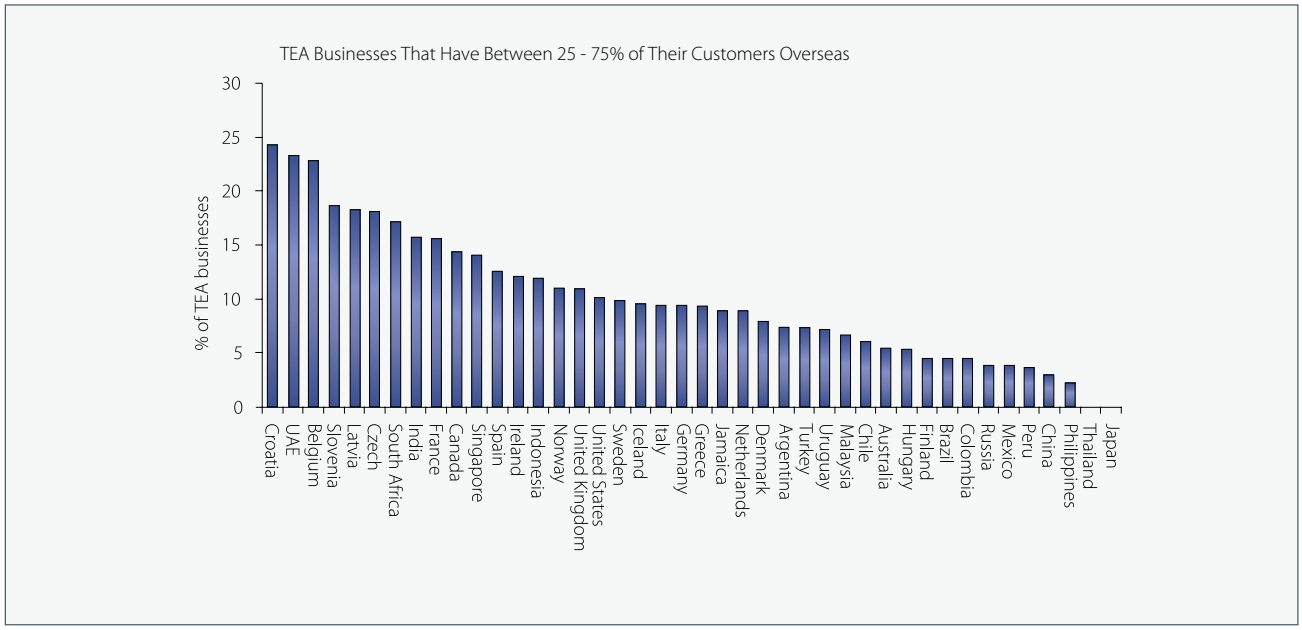


Figure 21 - Established Business Customers that are Overseas

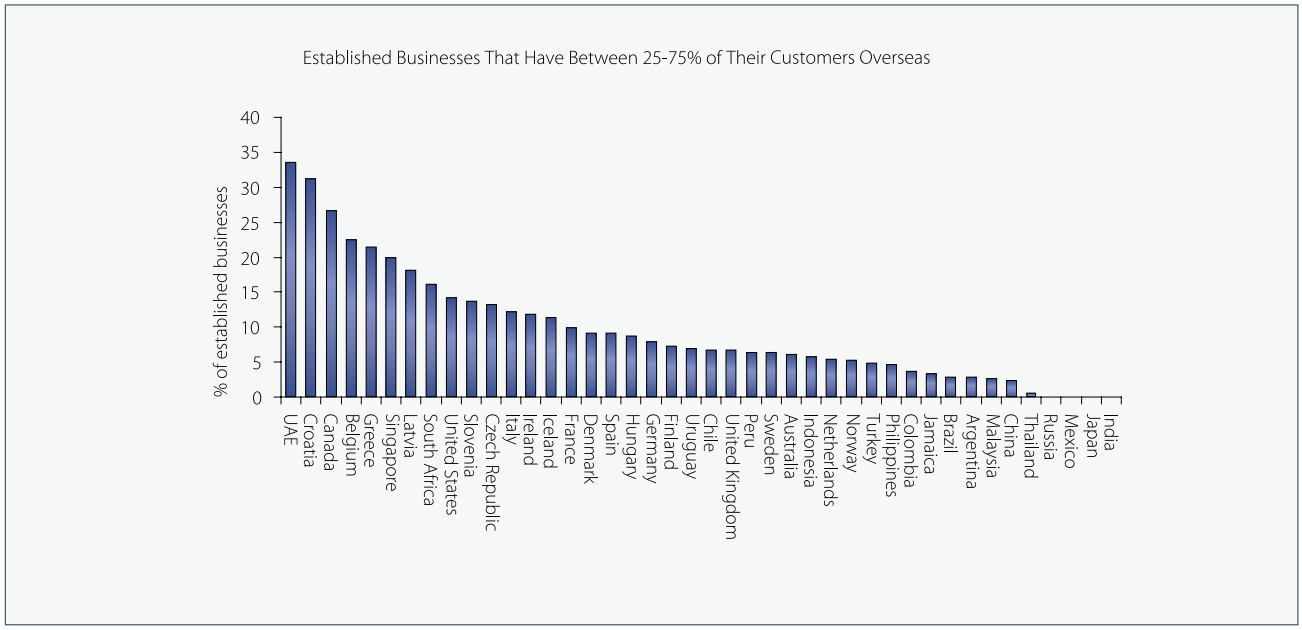
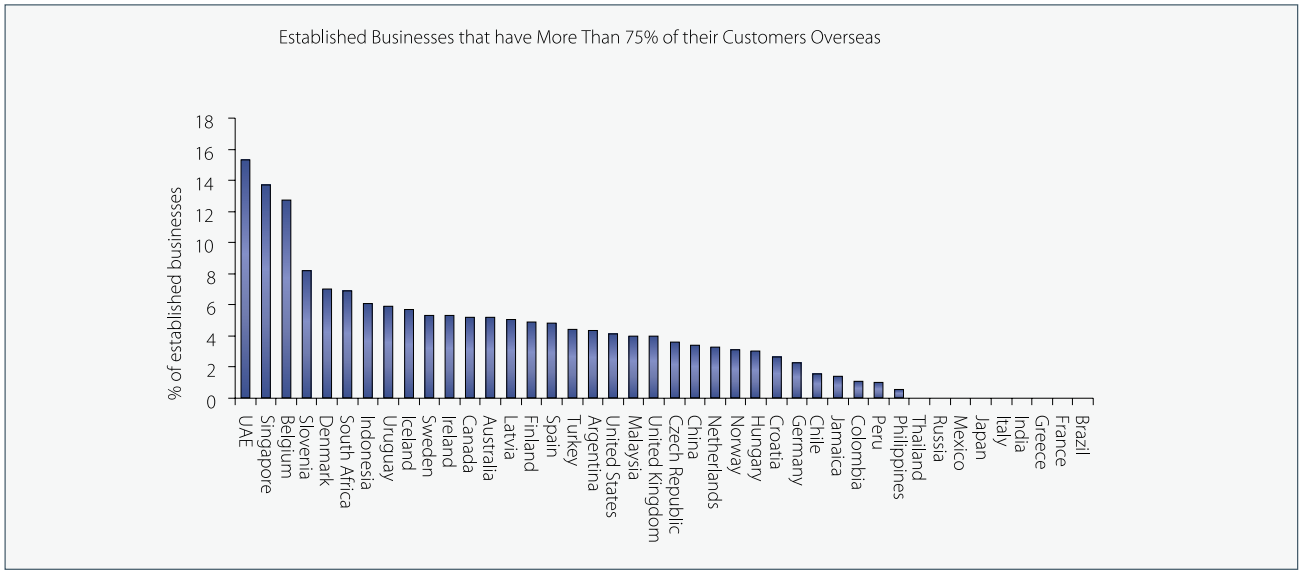


Figure 22 - Established Business Customers that are Overseas

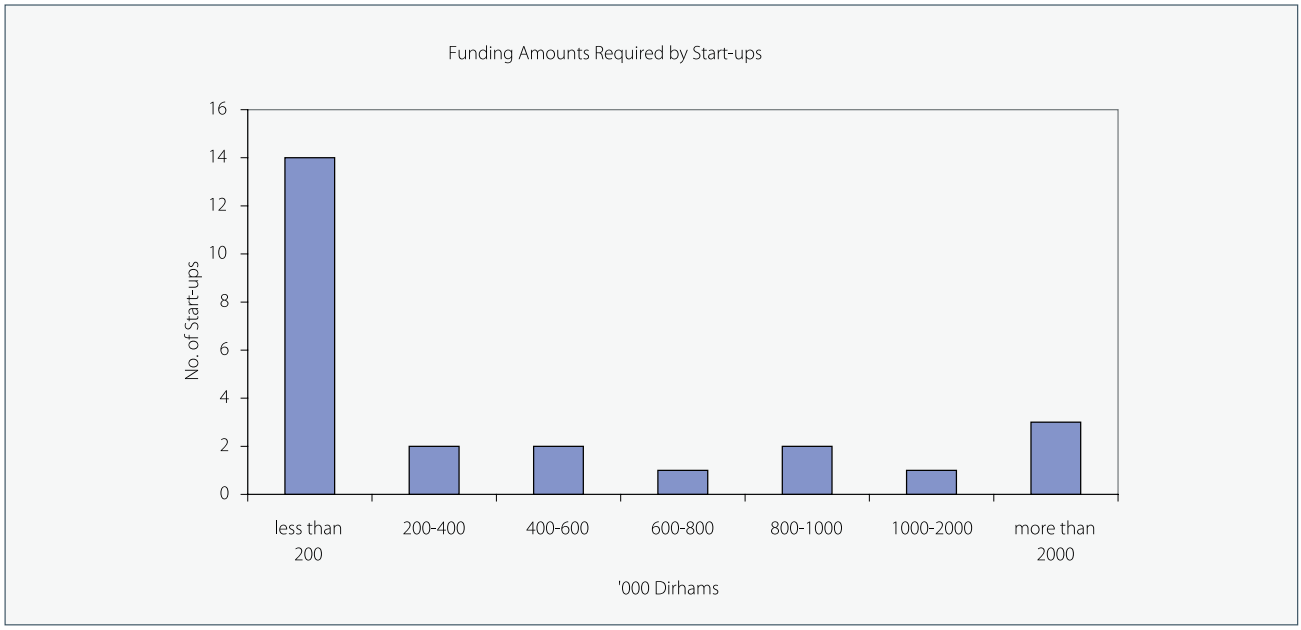


Funding Requirements and Sources

Funding requirements

The majority of business start-ups (i.e., fourteen start-ups) required less than AED200,000 (approx $USD54,000) to establish the business and get it operating (refer Figure 23). The exchange rate from UAE Dirham to US dollar is AED3.68 to US$1.00 at time of writing this report. The remaining business start-ups required between AED200,000 to over AED2,000,000 initial investment: with three start-ups requiring over two-million in initial capital investment.

Figure 23 - Start-up Funding Requirements



Funding sources

The primary source of capital for a business venture start-up is from one's own capital funds (refer Table 7). Close family members and the extended family is the second most frequent source of funds (i.e., 24.3 percent). Thus, over sixty percent of venture capital is sourced from either self, family members or other kin. Banks and other financial institutions are only contributing eleven percent of the required business start-up capital. In fact, friends, colleagues, neighbours and strangers are providing more start-up capital than banks/financial institutions. Government funding for business start-ups is the lowest source of venture funds. Both banks and government capital providers may well benefit from a closer understanding of the capital needs of the business venturer, as well as, a closer working relationship with the venture funding industry.

Table 7 - Sources of Funding

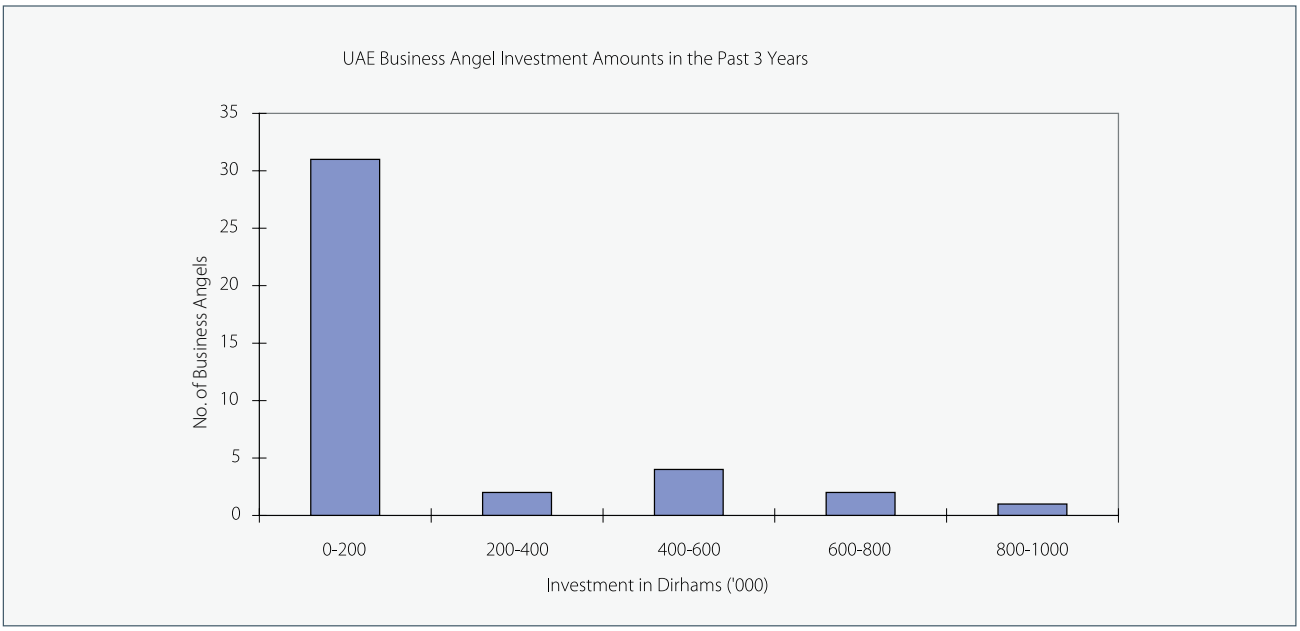
Funding source	Percentage
Own investment	38.6%
Close family members	12.9%
Other kin or relatives	11.4%
Banks/financial institutions	11.4%
Work colleagues	7.1%
Friends or neighbours	5.7%
Other sources	5.7%
Strangers	4.3%
Government programs	2.9%
Total	100%

This outcome does not necessarily suggest that governments need to increase their venture funding contributions, but they are well placed to facilitate and nurture the venture funding and financial support process.

Business Angels

Non-formal sources of capital often come from what is described as a 'Business Angel', that is, people with excess unused capital which they seek to invest in a business venture that exhibits the prospect of profitability within the foreseeable future. Business Angels may be acquainted with the business venture owner as a friend, colleague, or even stranger introduced through a third-party. In the UAE, the Business Angel, as categorised here, is a major source of capital for the start-up venture over the past three years. Over thirty business angels have contributed up to AED200,000 for each start-up venture. Other Business Angels have contributed up to a million Dirhams as start-up and/or operating funds (refer Figure 24).

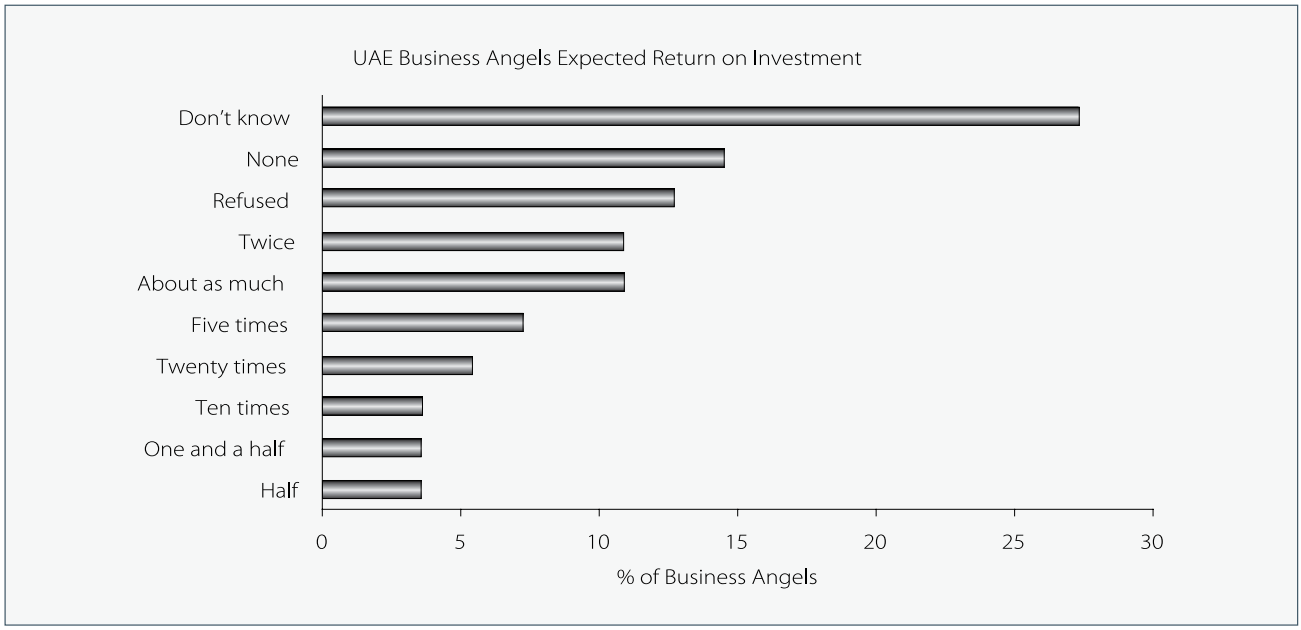
Figure 24 - Angel Investment



Over twenty-five percent of the Business Angels 'don't know' how much return on investment (ROI) they expect from the venture (refer Figure 25). Surprisingly fifteen percent expect no return at all, and about another four percent expect one-half of their investment to be returned. Clearly some Business Angels are indeed most generous benefactors. Maybe if more stringent ROI expectations were set by the Business Angel, then there would be considerably more pressure on the entrepreneur to optimise growth of the business and at a faster pace, thus, taking the venture from start-up to larger enterprise.

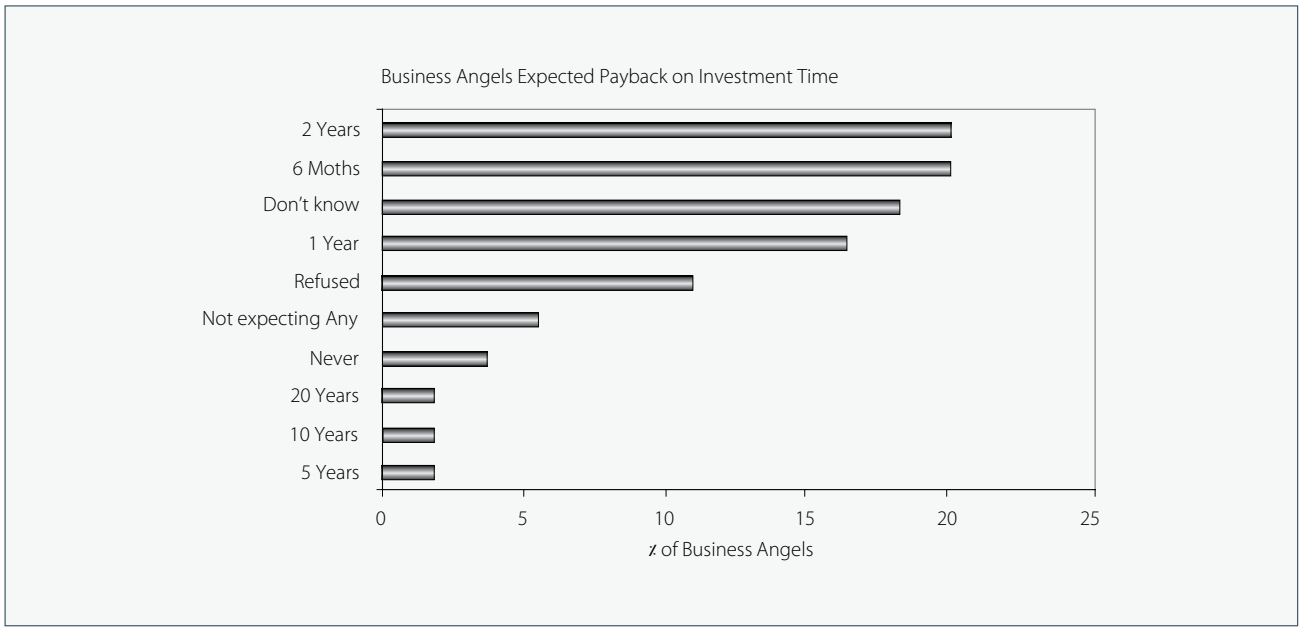
Ten percent of Business Angels expect twice their investment returned, about seven percent expect five times their investment, about six percent twenty-times return on their investment and about three percent of investors expect between one-half and one and a half times return on their investment. On the other hand, some Business Angels expect quite large returns on their investment.

Figure 25 - Business Angel Expected ROI



Twenty-percent of Business Angels expect their initial investment to be returned within two-years. A further twenty-percent expect their investment funds to be returned within six months (refer Figure 26).

Figure 26 - Expected Payback Time

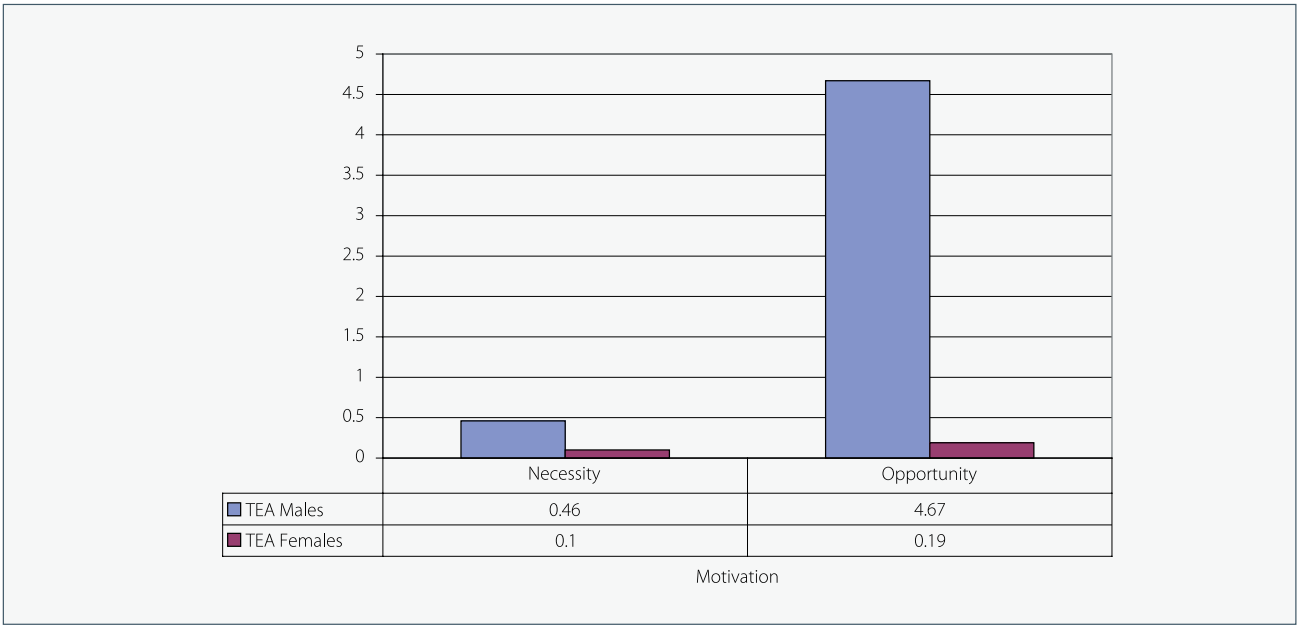


The latter investment expectations are unrealistic. Few business ventures could generate adequate residual funds to make a return of the initial investment within such a short time frame. A further ten-percent (approx) of venture funds providers are expecting either no return on their initial investment or the initial investment never to be returned.

Gender in Entrepreneurship

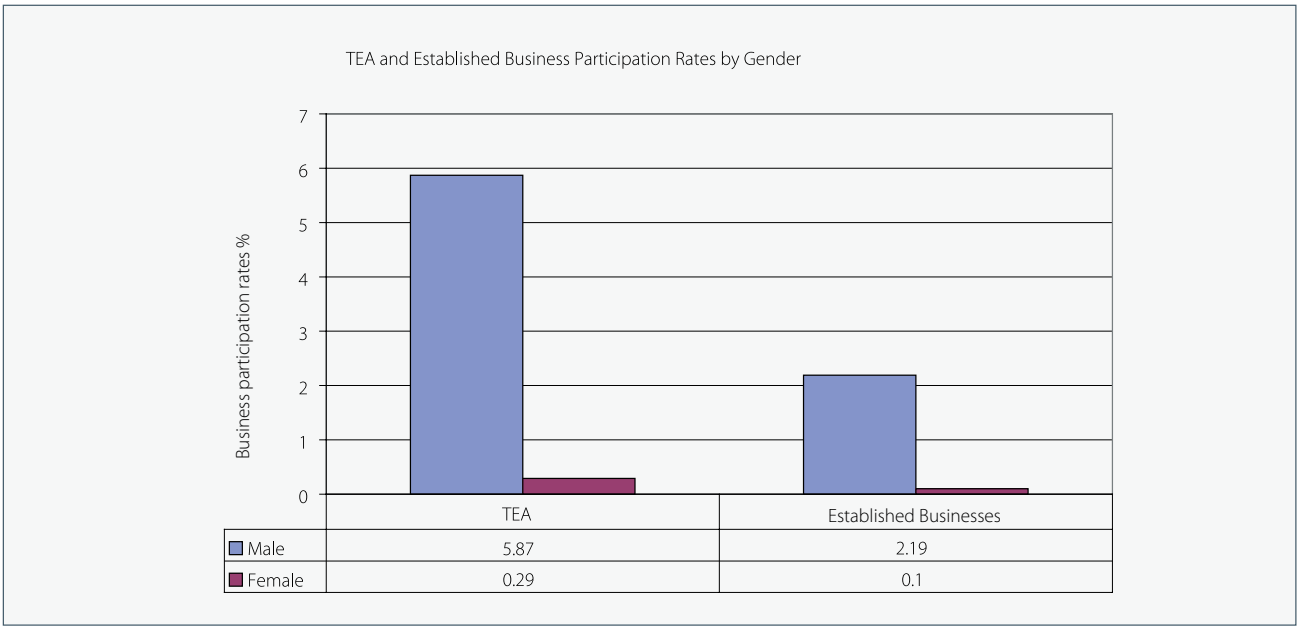
Very few respondents of either gender were motivated by 'necessity' to participate in the creation of a new venture (refer Figure 27). At the same time, very few females were motivated by 'opportunity' to create a new venture. On the other hand, the male respondent population were much more likely to respond to the opportunity that presents to create a business venture: albeit it, a relatively small percentage of the overall population. Clearly, few respondents found it 'necessary' to start-up a business venture for the purpose of creating a job for oneself.

Figure 27 - 'Opportunity' vs 'Necessity' Venture Activity - by Gender



As stated earlier Total Entrepreneurial Activity (TEA) represents the combination of the start-up and young business activity into one index score. In making a comparison between TEA and operating an 'Established Business' the data indicate that women have a low participation rate in both start-up or young businesses, as well as established business activity, when compared with the male population (refer Figure 28). Furthermore, men are more likely to be involved in start-ups and young businesses, than in an established business. Clearly public policy decisions need to address the imbalance between male and female business start-ups.

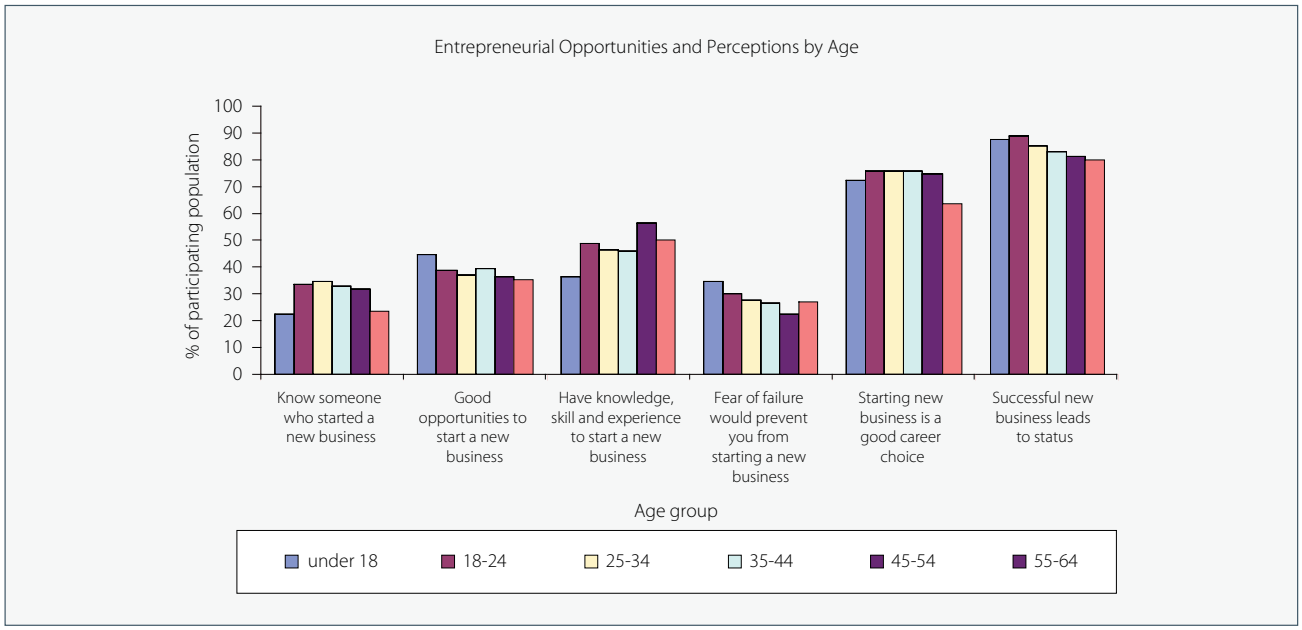
Figure 28 - TEA and Established Business Participation – by Gender



Age-Related Perceptions

Clearly there is a widespread belief across all ages that starting a successful new business leads to higher personal status within the community (refer Figure 29). The younger respondents (i.e., ages 18 though 34) are slightly more inclined to hold this view than are the older respondents. In addition, there is a consistent belief that starting a new business is also seen as a good career choice. However, this belief is not as strongly held by the older respondents, that is, the fifty-five to sixty year old age group. This is not surprising as this group would most likely be looking forward to retirement and the creation, management, and/or enhancement, of their retirement fund, rather than placing their hard-earned capital into a high risk venture – as is the case with many entrepreneurial ventures.

Figure 29 - Perceptions about Starting a New Business

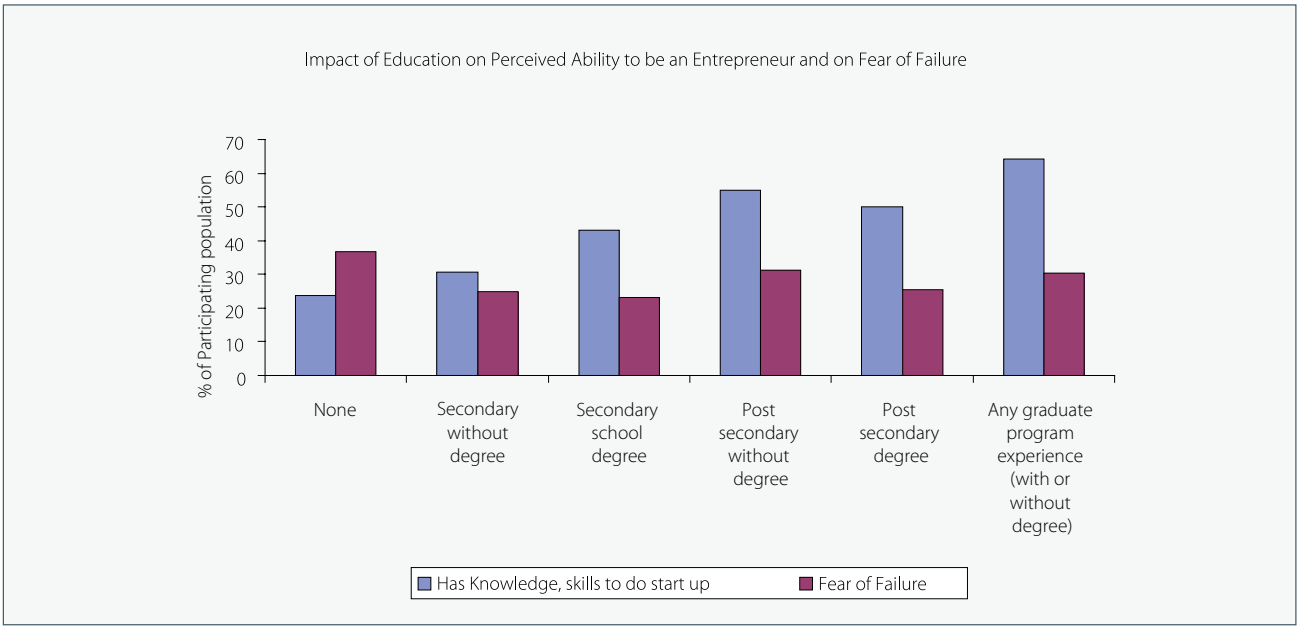


The under eighteen year age group are less likely than the middle band of age groups (i.e., eighteen to fifty-four) to know someone who has started a new business. (refer Figure 29). This outcome can be expected given their most probable limited exposure to the wider business world. However, they are more positive about the opportunities to start a new business than all other age groups. Conversely, and again not surprisingly, this same age group perceive that they are less likely to have the skills and experience necessary to start a new business. Simply put, they see the opportunities and are positive about the personal benefit of starting a new business as being a good career move, but on the other hand they perceive they do have the wherewithal to start a new business. This outcome includes not only a lack of skills and experience, but also a relatively higher level of fear of failure. The longer-term future of the nation lies in the hands of this younger generation, thus, it would be incumbent upon any nation to nurture the younger generation's interest and involvement in starting-up a new businesses as part of the development of the economy. Some nations are introducing the concept of entrepreneurship at the high school level and nurturing interest in such activities from thereon through the creation of high school idea and venture creation hatcheries.

Education

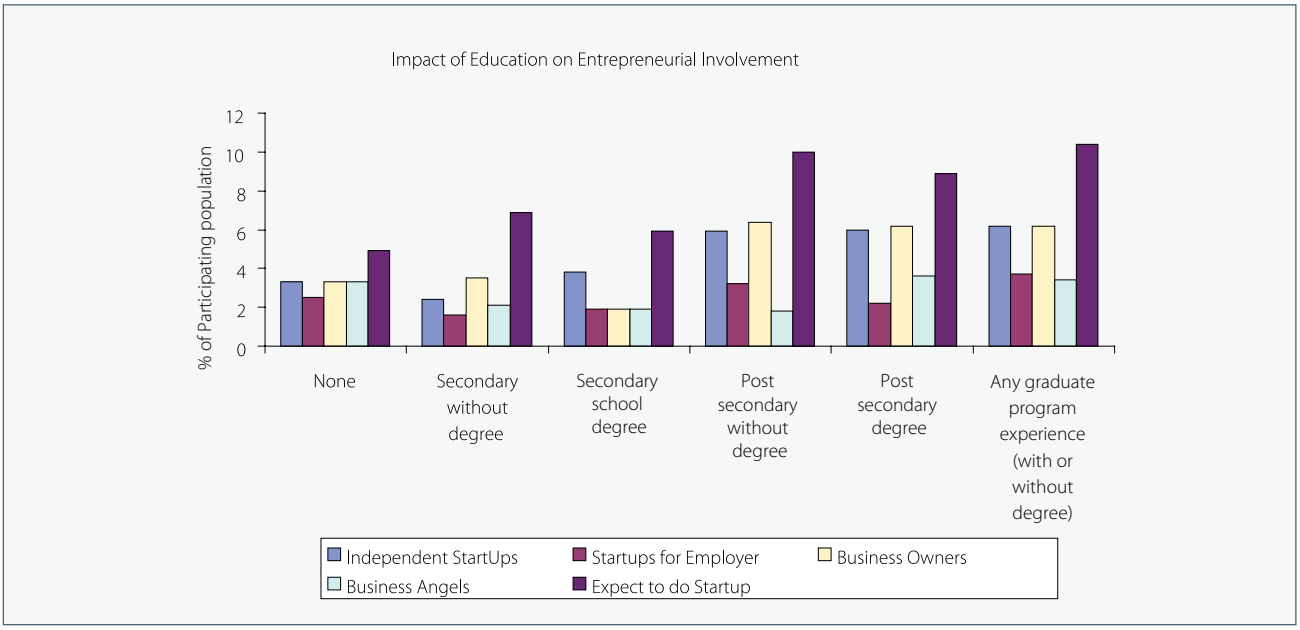
Having the knowledge and skills to start-up a business is associated with a diminished fear of failure. A natural outcome one may argue. The acquisition of that knowledge appears to be related to educational outcomes of various forms and levels. As education levels increase, knowledge and skill level ratings co-jointly increase, whereas fear of failure decreases, that is, from the initial baseline of those who do not possess a secondary level education. Interestingly, the knowledge and skill ratings for degree issuing programs are lower than for non-degree issuing programs, however, the fear of failure level is lowest for degree issuing programs than for non-degree programs (refer Figure 30). This outcome suggests that degree issuing programs bring about a higher level of self-confidence in one's knowledge and skills for a start-up venture than for non-degree programs. This is not surprising as a degree-issuing program would have to meet independent assessment criteria, whilst also providing the cachè that the issuing institution offers.

Figure 30 - Education, Skills/Ability and Fear of Failure



Clearly education plays a role in the expectation to create a start-up venture, in that the higher the level of education the higher the percentage of the population expecting to independently create a start-up venture (refer Figure 31). In addition, the higher the level of education, the greater is the percentage of business owners. Furthermore, the higher the education level, the greater the number of respondents acting as a business angel financing the entrepreneurial venture. Once into post-secondary education, there is consistency across the relative response rates for entrepreneurial venture creation and funding.

Figure 31 - Education, Start-ups and Established Businesses



Part 2

The Key Informant Survey

The GEM research project is made up of two distinct components, the national population survey and the in-depth interviews of thirty-six experts within nine frameworks, that is, a range of areas important to entrepreneurial activity within each of the Emirates in the UAE. These experts are referred to as Key Informants (hereinafter KI). These experts were carefully and objectively selected based on their known expertise within one of nine frameworks identified by GEM as being of critical importance to facilitating and supporting entrepreneurial activity. There are four respondents within each of the nine frameworks, thus, producing thirty-six respondents. These nine frameworks reflect intimate knowledge about or direct experience in matters that enhance or impede entrepreneurial activity through:

- Financial support;
- Government policies and regulations;
- Government assistance programs;
- Education and training;
- Research and development transfer;
- Commercial and professional infrastructure;
- Internal market openness;
- Physical infrastructure;
- Cultural and social norms about entrepreneurial activity.

The KI survey is important in the overall study because it provides a rich source of qualitative information in support of, or place in juxtaposition to, the findings from the national Adult Population Survey. As stated by GEM, the KI survey consists of:

Semi-structured interviews conducted with entrepreneurs and entrepreneurial professionals (for example, academics, policy makers, politicians and support service providers such as accountants or lawyers). The key purpose of these interviews is to obtain qualitative evidence (anecdotes and examples) to support both policy recommendations and statistical results from the adult population survey.

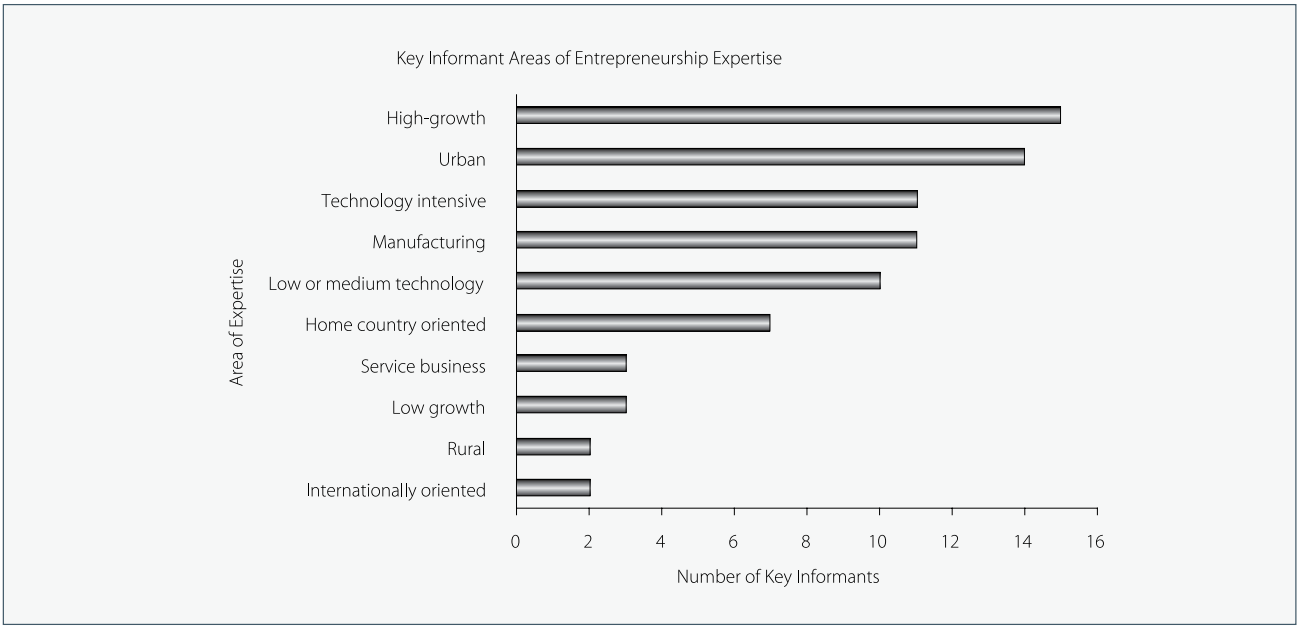
In addition to completing the KI questionnaire, GEM direct the KI interview (approx forty-five minutes) to focus on three key issues:

- The three areas that the KI expert regards as real strengths in supporting entrepreneurship and entrepreneurs in their country;
- The three areas that the expert regards as real weaknesses in supporting entrepreneurship and entrepreneurs in their country;
- Three policy recommendations: these are precise policy recommendations and not 'in principle' ones.

Key Informant Profile

Of the thirty-six KI experts interviewed, seventy-five percent were male and twenty-five percent female. Each KI had on average about twelve years of experience working in areas connected to entrepreneurship. The expertise held by the thirty-six KI experts within the entrepreneurial domain is shown in Figure 32.

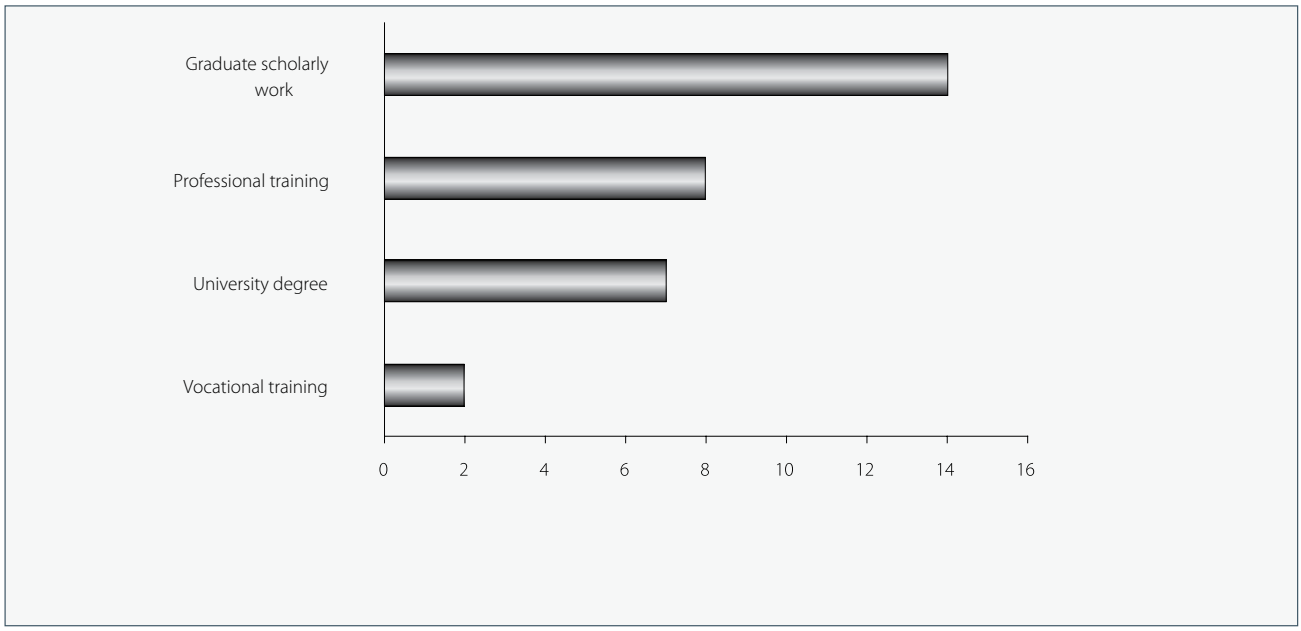
Figure 32 - Key Informant Interviewees Areas of Entrepreneurship Expertise



The majority of the KI experts held entrepreneurship expertise in the areas of high growth, urban, technology intensive, manufacturing and/or low or medium technology industries.

The educational achievements of the KI experts are presented in Figure 33. In summary, most KI experts held a postgraduate university education with only a small number not receiving any university education.

Figure 33 - Key Informant's Level of Education



Summary of Key Findings from the Key Informant Interviews

The thoughts and opinions expressed by the KI fitted into five dominant themes categorised as follows:

- Legal
- Cultural
- Financial
- Government policies
- Education and training

A fuller exposition of the core issues are presented here below.

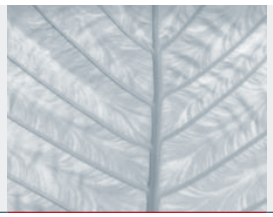
Legal

Most respondents believed that the laws and regulations within the UAE are not supporting SME entrepreneurship. In particular, concern was expressed about the present system of generic rules, procedures and documentation which are common to near all forms of business structures, that is, the larger company or corporation, as well as, the small to medium enterprise (SME).

The most dominant legal theme was the issue of foreign ownership of companies operating within the UAE. The present system does not allow for one hundred percent foreign ownership, except in a small number of enterprises located in designated Free Zones. Hence, non-nationals are forced to purchase trade licenses from Emirati nationals. There is a belief that the Emirati uses this type of business venture as a source of relatively risk-free additional income.

New ventures are often driven by the individual entrepreneur – as the risk-taker - with a strong vision for the venture, yet this energy is constrained by the demands of the national partner who is risk averse and who themselves have little desire to become an entrepreneur. This situation also seriously impedes the extent of knowledge transfer flowing from an injection of foreign business activity to the host nation.

Many of the local partners, known as 'silent partners' often play no role in the day-to-day management of the business but simply provide their signature on company documentation allowing the business to operate legally – but for a 'fee'!



Cultural

Many KI agreed that there was a strong cultural base to the nation that plays a significant role in the level of entrepreneurial activity in the UAE. This culture is seen by KI experts as dissuading people from looking towards entrepreneurship as a viable career option. This opinion contradicts the findings of the national survey where entrepreneurship was considered a 'good' career choice and one that brings status upon the entrepreneur. However, the dichotomy between the National Survey and the KI responses may well be telling us that entrepreneurial activity is a 'good thing', in addition to a good public sector job!

According to the KI experts, many families in the UAE prefer their children to gain employment in the public sector, not the private sector. Public sector jobs in the UAE are well known for their generous benefits, comfortable working hours and less demanding work regimes, thus, families tend to disapprove of their child looking towards a perceived riskier career in the entrepreneurial domain over a career in the public sector. Furthermore, 'Emiratisation' may well be working contrary to the initial intent of the program, that is, finding a job into which a national can be placed seems to transcend the bigger question, is that job necessary in the first place.

A majority of the KI also commented on the difficulty young females face entering the entrepreneurial domain. Sections of society often frown upon females starting-up and running their own business. As a consequence, those that do start-up a business do so in a safe haven of 'me-too' type products like a perfume, chocolate, or craft shop – some of which are operated from home.

Another issue raised by many of the KI was the high level of 'fear of failure' that exists in the UAE. This fear of failure and the stigma associated with it often means that 'loss of face' is enough to discourage many people in the UAE from ever attempting to start their own business.

Owning a business in the UAE is often more about the prestige and image of having one's own business, rather than creating a successful/profitable new venture. Many KI stated a number of supposedly 'successful' entrepreneurial businesses were, in fact, being camouflaged behind family funds subsidizing the unprofitable business venture.

Education

Many KI experts hold strong opinions about the present state of education in the UAE. There is a widely held belief that the system needs an major overhaul and that the education system needs to encourage more creative and lateral thinking in students, as opposed to rewarding rote learning. A number of KI experts also stated that the education system in the UAE prepares students to be employees rather than risk-taking venture creators. They added that the educational system teaches students that mistakes are a 'bad thing', whereas making mistakes is a natural part of learning and particularly so for an entrepreneur. Making mistakes, they believe, can teach positive consequences and help to better prepare one for the business world.

The KI experts also highlighted the need for some practical business skills to be taught at high school level, skills such as financial literacy, including the ability to read and comprehend profit and loss, as well as, balance sheet statements. Furthermore, there is a perceived need for skills in preparing business plans and feasibility studies as part of tertiary business education. It was noted that many new/potential entrepreneurs in the UAE were lacking these basic small business management skills.

It is also a commonly held view that colleges and universities in the UAE are not doing enough to develop and mould an entrepreneurial mind-set amongst their students. Furthermore, it is believed that the opportunity exists for these educational institutions to offer more training and personal development workshops to teach entrepreneurs the basics, that is, the knowledge, procedures and skills on how to be a successful entrepreneur. This outcome is consistent with the results of the National Survey where it was indicated that degree issuing programs (e.g., mostly from college or university) combine a learning environment with an increased self-confidence, that is, a reduced fear of failure.

Government Policies

There is perceived to be a lot of government goodwill toward, and support for, entrepreneurship, particularly at the federal level. However, it is believed that effort at the government level needs to be more efficiently coordinated so as to more effectively encourage and nurture entrepreneurial activity. There are many entrepreneur support and training programs throughout the Emirates, a common belief was that it would make sense for coherence across and within these programs and for them to be offered at national level.

It was noted from the KI interviews that some employees as part of their formal job, serve potential venture creators with support information and/or related services, but were also independently offering training programs in entrepreneurship or small business management to the same prospective entrepreneurs.

A common opinion expressed by a number of KI experts was that generous government support policies for nationals that have been introduced over the past three decades, that is, since the larger inflow of oil wealth, has created a culture of dependence and, thus, removed the need or desire for business risk-taking through entrepreneurship. A recent example is the widespread and very loud cry for the federal government to step in to support the stock market in the major market correction of 2006. Nationals have become accustomed to relying on their Government for financial support when things get difficult, thus, removing the need to a large extent for necessity entrepreneurship to flourish.

Financial

Finance was the one area where there seemed to be differing opinions amongst the KI. Opinions were split as to whether access to venture finance is a major barrier facing entrepreneurs in the UAE or that there is no shortage of funds. Some respondents believed that the UAE was flush with liquidity and that accessing finance was not difficult at all - given one had a good business idea. However, others argued that although the UAE was flush with money, much of this liquidity was being channelled into the real estate and equity markets, thus, there was a shortage of venture funding for start-ups. What most KI experts did agree, was that there doesn't currently exist a formal and efficient channel for funds to be injected into new venture initiatives and that it is quite difficult and costly for entrepreneurs to secure finance from resident commercial banks.

Key Informant Survey Results

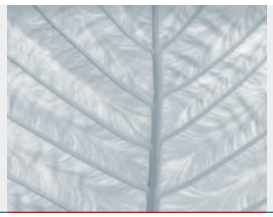
In addition to the thirty-six KI face-to-face interviews, the KI experts also completed a formal structured questionnaire (supplied by GEM). This questionnaire required respondents to submit ratings to questions within the nine frameworks listed earlier, as well as, related issues they thought important to entrepreneurship. The questions were about the critical issues and the most important steps necessary to building an entrepreneurial environment, such as, perceptions of entrepreneurial activity within the nine key frameworks, including support for female entrepreneurs, intellectual property rights and support for high growth ventures.

The rankings presented are a composite of the average score taken from the questionnaire scale ratings submitted by the KI in each of the areas listed in the KI questionnaire. These average scores were then compared against the other competing GEM 2006 countries and a rank was calculated for each question in the KI questionnaire (a ranking of 1 indicates the most positive response to a question) Please note that data from five of the GEM 2006 participating nations was not available at the time of publishing this report. The KI rankings are presented in Table 8. The perception amongst the UAE KI is that the UAE possesses a favourable entrepreneurial environment in the areas of:

- Financial support,
- Government policies,
- Commercial and professional infrastructure,
- Market openness,
- Physical infrastructure,
- Cultural and social norms,
- Business opportunities,
- Knowledge and skills, and
- High-growth firm support

Table 8 – KI Perception of the Entrepreneurial Environment in the UAE

Questions about new and growing firms	Rank amongst GEM 2006 countries
1. Financial Support	
Availability of equity funding, private funding, venture capital and access to IPO's	2
Debt Funding	3
Access to government subsidies	6
2. Government Policies	
Priority of local government support for new and growing firms, including non-burdensome taxes	1
Federal government policies give support and a high priority to new and growing firms	3
Quick, easy and non-difficult access to permit and licensing bureaucracies	4
Consistent and predictable tax regulations	9
3. Government Programs	
Government programs support new and growing firms	2
Government assistance available through a single agency	5
Government agencies for new business are effective and competent	7
Government help program easily found	8
Sufficient number of government support programs	14
Science parks and business incubators provide effective support	15



4. Education and Training	
Colleges and universities provide good preparation	5
Primary and secondary education encourages creativity, self-sufficiency, and personal initiative	9
Vocational, professional, and continuing education systems provide good preparation	12
Business and management education provides good preparation	15
Primary and secondary education teaches market economic principles	18
Primary and secondary education gives attention to entrepreneurship and new firm creation	21

5. Research and Development Transfer	
Latest technology is affordable	1
Adequate government R&D subsidies	5
Start-up and SME access to new research and technology compares with larger firms	9
Science and technology base supports the creation of world class technology based ventures	11
Support available for engineers and scientists to commercialise their ideas	16
Efficient transfer of new technology, science and other knowledge	26

6. Commercial and Professional Infrastructure	
Affordable cost of using subcontractors, suppliers and consultants	1
Ease of accessing good subcontractors, suppliers, and consultants	4
Adequate number of sub-contractors, suppliers and consultants	5
Ease of getting good banking services	8
Ease of accessing good professional legal and accounting services	11

7. Market Openness	
Markets for consumer goods/services and business-to-business goods changes dramatically year-to-year	1
Affordable cost of market entry	1
Ease in entering new markets	4
Market entry not unfairly blocked by established firms	5
Anti-trust legislation is effective and well enforced	16

8. Physical Infrastructure	
Affordability and access to basic utilities	4
Physical infrastructure provides good support	6
Quick access to communications	8
Inexpensive access to communications	20
9. Cultural and Social Norms	
National culture highly supportive of individual success and encourages entrepreneurial risk-taking	2
National culture encourages creativity and innovativeness	3
National culture emphasizes self-sufficiency, autonomy and personal initiative	4
National culture emphasizes taking responsibility for one's own life	5

10. Business Opportunities	
Increasing opportunities for creating high growth firms and taking advantage of personal efforts	1
Plenty of good individual opportunity for pursuing entrepreneurial ventures	2

11. Knowledge and Skills	
Adequate knowledge of how to start and manage a high-growth business	5
Many people have the ability and resources to react to good opportunities for a new business	7
Many people have experience in starting a new business	10
Many people have know-how to start and manage a small business	12

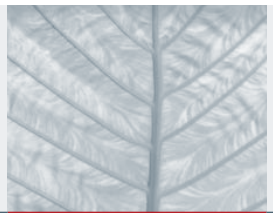
12. Perception of Entrepreneurs	
Creation of a new venture is a good way to become rich	3
Successful entrepreneurs have a high level of respect and status in community	3
Entrepreneurs are seen as competent and resourceful individuals	5
Becoming an entrepreneur is seen as a good career choice	7
Public media often runs stories about entrepreneurial success	10

13. Intellectual Property Environment	
Widely recognised that inventors rights should be respected	6
Illegal sales of pirated software, videos, CDs and the like are not extensive	9
Firms can trust that their patents, copyrights and trademarks will be respected	9
IPR legislation is efficiently enforced	12
IPR legislation is comprehensive	15

14. Female Support	
Women are encouraged to become self-employed or start a new business	6
Starting a new business is a socially acceptable career option for a women	8
Sufficient social services available for women to work after starting a family	8
Men and women are equally exposed to good opportunities to start a new business	17
Men and women are equally able to start a new business	28

15. High Growth firm support	
Policy-makers are aware of the importance of high-growth entrepreneurial activity	2
Supporting rapid firm growth is a high priority in entrepreneurship policy	3
Many support initiatives tailored to high-growth entrepreneurial activity	4
People working in entrepreneurship support initiatives have sufficient skills and competences	6
Potential for rapid growth used in selection process when choosing recipients of entrepreneurship support	6

The UAE is highly ranked at second position for availability of equity funding, private funding, venture capital and access to an IPO. Debt funding is also seen as being readily accessible as compared to other nations. Favourable local and federal government policies and licensing practices, along with government assistance programs are seen as being supportive of new and growing firms. The UAE is ranked slightly lower on education and training programs provided by colleges and universities. However, vocational and professional



education systems, as well as, business and management education programs offered by organisations other than colleges or universities are ranked much lower than the college/university programs.

Affordability of the latest technology and R&D technology transfer in the UAE are ranked high, however, start-up and SME access to new research and technology is ranked much lower in the mid-rankings. Similarly, support for engineers and scientists commercialising their ideas is ranked somewhat much lower. Affordability and ease of accessing sub-contractors, suppliers and consulting services is top-ranked. However, ease of access to banking and professional legal and accounting services is considered to be more difficult. Market entry is seen as being relatively easy and affordable whilst markets for consumer goods is seen as changing dramatically year-on-year. Effective antitrust legislation is not ranked highly and, as such, is seen as not being well enforced. Access to basic utilities is seen as being affordable but, relatively speaking, communication facilities are seen as being quite expensive.

Interestingly, the KI perceived the national culture in the UAE as being highly supportive of individual success and encouraging entrepreneurial risk-taking. This finding differs quite markedly to the comments made by many of the KI during their face to face interviews.

The UAE is top ranked in perceived business opportunities with plenty of good opportunities for pursuing entrepreneurial ventures. Furthermore, creating a new venture is considered a good way to become rich and gain respect within the community. Having the know-how and self-confidence to create a new business is, however, another matter; one likely to be an impediment to increasing the number of start-ups. Patent and IP protection is not, however, efficiently enforced as the underlying legislation is not sufficiently comprehensive.

Whilst women may be, to some degree, encouraged to become self-employed through starting a new business, they are not seen as being equally exposed to good opportunities for starting that business. Public policy is seen to reflect the importance of high-growth entrepreneurial activity in the wider business community, however, potential for rapid growth does not seem to hold centre stage in the selection process for choosing the recipient of entrepreneurship support. Simply put, the assessment procedures for selecting recipients of support need to be more rigorous.

Key Informant Ranking by Country

To gain a better comparative insight into the KI expert's perceptions of the entrepreneurial environment in each of their respective countries an 'Entrepreneurial Environment Scorecard' has been calculated which simply sums the ranking of each country for each of the questions given in the KI survey. A lower score as (opposed to a higher score) represents a 'better' or more supportive environment for entrepreneurial activity to take place.

This data was collected from the KI responses submitted through GEM from each of the participating nations for 2006. Table 9 displays the Entrepreneurial Environment Scorecard (hereinafter referred to as the EES) for each of the participating GEM countries. According to the KI ratings, the USA has the most supportive environment for entrepreneurial activity, followed by Singapore and then the United Arab Emirates in close third position.

The rankings in Table 9 clearly indicate differences in perceptions between the National Survey and the KI respondents about the entrepreneurship domain as evidenced by the difference in the EES Rankings and the TEA index. It should, however, be noted that the TEA Index represents the level of activity for start-ups and young businesses combined, whereas the EES reflects the perceptions of the KI experts about the wider issues in entrepreneurship within the UAE. We must add, however, that throughout the study we often noted significant differences between what the data from the National Survey told us and the opinions expressed by the KI about entrepreneurial activity within the UAE.

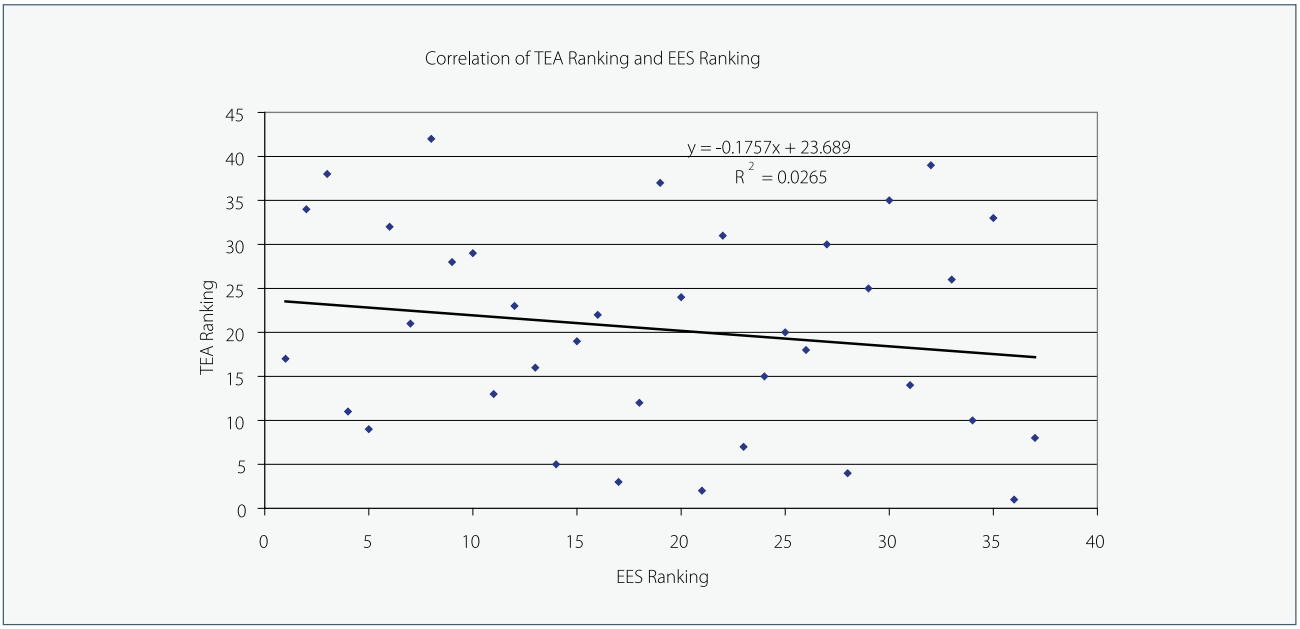
We concluded that whilst there is widespread commentary and reportage about entrepreneurial activity and venture creation within the UAE, along with considerable media coverage about the growing corporate activity and influence at the global level, there was not a clear understanding of what really is happening at the grassroots level in the entrepreneurial domain. Undoubtedly, opinions proffered by the KI were informed and valid, and certainly reflected a clear understanding of what should happen to grow venture creation, but we would argue the low TEA index score is well below expectations.

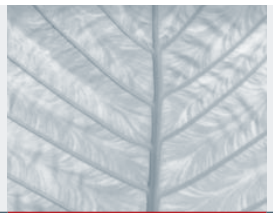
Table 9 - Key Informant "Entrepreneurial Environment" Ranking

Country	"Entrepreneurial Environment" Ranking	KI Entrepreneurial Environment Score (EES)	TEA Ranking
USA	1	317	17
Singapore	2	489	34
United Arab Emirates	3	570	38
Iceland	4	854	11
Australia	5	940	9
Finland	6	947	32
Ireland	7	993	21
Belgium	8	1125	42
Netherlands	9	1171	28
Denmark	10	1173	29
India	11	1175	13
United Kingdom	12	1262	23
Norway	13	1323	16
Indonesia	14	1328	5
Greece	15	1422	19
Spain	16	1473	22
Philippines	17	1484	3
Malaysia	18	1531	12
Germany	19	1610	37
Latvia	20	1707	24
Colombia	21	1725	2
Mexico	22	1736	31
Thailand	23	1813	7
Chile	24	1821	15
Czech Republic	25	1855	20
Croatia	26	1890	18
South Africa	27	1955	30
Jamaica	28	1998	4
Hungary	29	2022	25
Slovenia	30	2055	35
Argentina	31	2069	14
Italy	32	2102	39
Turkey	33	2108	26
Brazil	34	2219	10
Russia	35	2221	33
Peru	36	2294	1
Uruguay	37	2518	8

The UAE's third rank on the EES differs markedly from its ranking of thirty-eighth in terms of the TEA Index. This disconnect appears for many of the GEM nations' entrepreneurial environment and TEA Index rankings. Figure 34 shows the correlation between these two rankings for all GEM countries. Clearly, there is almost no correlation at all between the two rankings. In fact, the *R*-squared value of 0.02 indicates that only two percent of the variation in TEA rankings can be explained by the rankings in the EES. Again, this outcome may well be a reflection of the TEA index being based on start-up and young business activity, not the wider business activity reflected in the EES. Furthermore, the EES asks different questions, albeit it about the same issues. Therefore, one may conclude that the difference between the two indexes may well be a consequence of the different measurement instruments. However, we would conclude from the totality of the data collected that there is a clear difference of perspective between the two respondent groups. Notwithstanding that in the National Survey there is over two thousand respondents and only thirty-six in the KI cohort.

Figure 34 - Correlation of TEA Ranking and EES Rankings





Part 3

Emirati Entrepreneurship - Some Initial insights

The sponsors of this national survey, the Mohammed Bin Rashid Establishment For Young Business Leaders, requested an over-sampling of the Emirati population in the study using the same questionnaire as in the National Random Survey. In Part 3, we present a preliminary summary of the data collected for this sample. It must be remembered here that the National Survey also includes Emirati respondents, however, the summary presented here is only drawn from the over-sampled Emirati respondents. We envisage a subsequent fuller report to focus solely on the Emirati population to be published at a later date.

As in the National Survey, the questions related to the start-up of a business within the UAE, and fit within the following categories (predictor variables):

- Starting a new business as self-employment;
- Creating a new business for an employer;
- Owner/manager of a company;
- Providing funds to others to start a business;
- Expectations about starting a new business;
- Closing a business;
- Business start-ups over past years;
- Start-up opportunities;
- Knowledge and skills for business start-ups;
- Self-confidence to start a business;
- National standard of living;
- Starting a new business as a career move;
- Status as a new business person;
- Media coverage of business success.

Table 10 presents the four factors generated by the Principle Component Analysis (Varimax rotation). The four factors each achieve an Eigenvalue greater than 1.00. The four factors account for more than fifty-six percent of the variance within the model. The factor loadings for each variable are also presented in Table 10. Please note that variables with a loading higher that 0.60 are highlighted for the purposes of clarity.

Factor 1 represents the start-up or operation of a business. Factor 2 represents the perception that current conditions are good for a start-up within the foreseeable future, but with some concern about failure as an inhibiting element in the decision to set-up a business. Factor 3 represents the acquaintance with someone who has started-up a business, with some reservations about oneself having the knowledge and skills to so do. And finally factor four reflects the desire to start-up a business, but have not singularly acted as a Business Angel providing funds for others to so do.

Table 10 - Principal Factors

Principal Factors	Factors			
	1	2	3	4
Starting a new business as self-employment	0.68	0.04	-0.01	0.05
Creating a new business for an employer	0.81	0.04	0.06	-0.02
Owner/manager of a company	0.75	-0.11	0.04	-0.04
Providing funds to others to start a business	0.17	-0.05	0.08	-0.63
Expectations about starting a new business	0.19	-0.02	0.09	0.75
Business start-ups over past years	-0.01	0.07	0.74	-0.15
Start-up opportunities	-0.04	0.74	0.01	0.1
Knowledge and skills for business start-ups	0.07	-0.02	0.74	0.15
Self-confidence to start a business	0.02	0.77	0.04	-0.07

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization

Drivers of Business Start-ups – Overall (Dependent variables).

Regression models were developed to explore the predictors of various aspects of entrepreneurial activity as follows:

- Autonomous start-up;
- Start-ups for an employer;
- Owner/manager of an entrepreneurial enterprise;
- Acting as a Business Angel within the last three years;
- Expectation of starting an entrepreneurial venture within next three years;

Autonomous Start-up

A regression model was developed to identify the variable(s) that best predict the autonomous start-up of a business. The data included all respondents within the Emirati sample. The regression model did not achieve a level of significance. However, within this model the variable, 'Starting a new business is a good career choice' was the only variable that achieved a level of significance.

To further tease out possible predictors of starting a new business, the same model was re-run, but this time using the variable elimination option. When generating the model, this process eliminates those variables that do not add to the predictive capacity within the model and runs sequential models until the last (or few) variables remain in the model. This model achieved a level of significance at the ninety-five percent confidence level – as did all other regression models except where stated otherwise. The same variable identified above was the principal contributor in the model. Thus, the driver of a business start-up is the interest in making a good career choice.

Creating Start-up for Employer

Starting-up a business for one's employer has a slightly different dimension to the self-directed start-up. Again a step-wise regression model was run as per the second option above. The similarity to the results is that starting a new business is a good career choice; naturally in this context working for an employer. However, the analysis suggests that the respondent's desire to do so within an employer environment is because there is a 'Fear of failure' in the minds of the respondent that may well prevent self-directed business start-up, along with a questioning of one's personal competency to so do.

Owner - operator

For the company owner/manager who created the business, the start-up has been a combination of career choice and the belief that the skills/competencies are possessed to be successful. Naturally, there is some hind-sight here in that having started down the road of creating a business, and still being 'alive' in the market place helps to understand why one is still operational.

Venture Funds Provider

For the funds provider to business start-ups the picture is less clear in that there is no one significant stand-out variable that clearly defines what drives the decision to invest in a business start-up, other than the 'fear of failure' which is associated with that decision, however, not at a level of significance. It should not be surprising to note that one may well choose to invest in an entity created by another who is charged with the responsibility of making it a profitable enterprise, than take on the challenge oneself.

Perceived Conditions for Starting a Business Venture

Business opportunity is the main driver for plans to create an enterprise within the coming three years. This is associated with the perception that people prefer a 'uniform' living standard. Thus, one may well be starting a business so as to raise their standard of living to a level they see as being more appropriate to their perceived business/social status and or aspirations.

Drivers of Business Start-ups – By Gender

A summary of causal differences between Emirati men and women starting-up or operating their businesses is presented in Table 11.

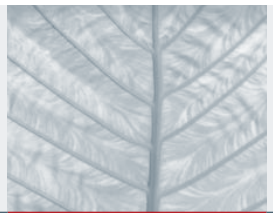


Table 11 - Gender Differences in Starting/Operating a Business

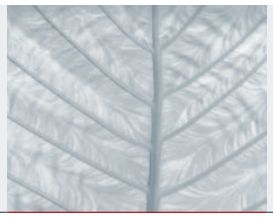
Predicted variable	Emirati Males	Emirati Females
Self-employed start-up	• Starting a new business is a good career choice	• People prefer uniform living standard
Employer driven start-up	• Fear of failure prevents start-up effort. • Starting a new business is a good career choice. • Lots of good opportunities within coming six months.	• Having the knowledge and skill to do a start-up.
Current owner/ manager of business selling goods/ services	• Fear of failure prevents people from start-up effort • Starting a new business is a good career choice	• Fear of failure prevents people from start-up effort • Having the knowledge and skill to do a start-up.
Providing start-up funds to a business	• Starting a new business is a good career choice (but not for me!)	• Starting a new business is a good career choice (but not for me!)
Expects to do a start-up within three years	• People prefer a uniform living standard • Lots of good opportunities for start-up in 6 months	• Stories of success get media coverage • People prefer a uniform living standard

Drivers of Business Closure

One variable that predicts a business closure is the non-receipt of a wage/salary/own payment from the enterprise for more than three months. Nearly sixty percent of the start-ups did not pay a wage or salary for more than three months. Thus, it is not surprising that the enterprise was shut-down. Other variables that are important are listed in Table 12. The data presented in Table 12 should be read with some caution as the number of closures (particularly for women) are small in number, therefore, the statistical analysis did not achieve a level of significance at the ninety-five percent confidence level, thus, should be read as indicative only.

Table 12 - Causal Factors for Closing Down a Business

Predicted variable	Emirati Males	Emirati Females
Shutting down business in past 12 months	• Receipt of wages/salary/ own payment from enterprise • Start-up product/service was new to customers • High level of competition for product/ services • A third of customers were outside the country.	• Having the knowledge and skill to do a start-up • Receipt of wages/salary/ own payment from enterprise • High level of competition for products/ services



Part 4

Implications

Key Issues in Entrepreneurship Within the UAE

GEM-UAE 2006 is the most comprehensive study ever conducted into entrepreneurship within the UAE. As a consequence, the extent of the data collected allows us to draw conclusions and inferences from a strong knowledge base. We thank respondents and Key Informants for their contribution to this end. Furthermore, we also thank the Mohammed Bin Rashid Establishment For Young Business Leaders for the sponsorship they provided in support of this major study.

We present below the following as the key issues for the constituencies we serve, that is:

- the general public who may have interest in the subject area or are considering entering the entrepreneurial domain;
- the research community who love to author publications about interesting subject areas, particularly areas about which we have inadequate knowledge or understanding;
- business practitioners who may well benefit from the outcomes of this major study in their decision-making about entering new business domains; and
- public policy makers who are often charged with responsibility for developing and implementing policies that enlarge and improve the national economy.

The Key Issues emerging from the GEM-UAE 2006 study as well as a number of other important sub-issues are presented here as follows:

1. BUSINESS STAGE PARTICIPATION. The UAE does not compare well on international comparison in the level of business stage participation. In fact, it ranks forty-one of all forty-two nations surveyed in 2006 on the composite scale of business start-ups, young and established businesses. It also ranks thirty-eighth on the number of start-up and young businesses, that is, Total Entrepreneurial Activity (TEA). The widespread media coverage of high profile corporate activity across the nation, particularly in Dubai and less so in Abu Dhabi, combined with corporate acquisitions with global significance, are camouflaging the real situation of low activity in the entrepreneurial start-ups and young businesses arena.

2. FEAR OF FAILURE. The fear of failure is a tremendous cultural significant in the UAE. Unlike the western (particularly the North American) culture where failure may well be seen as another 'notch on the belt' of business experience. Failure has great potential to bring 'loss of face' to the UAE business person or the business person's family. Failure in the western culture is often expected and may well be seen as a 'right of passage' toward a respected position in the business community. Many high profile US business persons have failed spectacularly in early business ventures before achieving elevated positions of respect and held up as business icons to follow. If the UAE is to achieve its rightful place in the global entrepreneurial community, then the fear of failure has to be resolved.

3. ENTREPRENEURSHIP AND EDUCATION. The high school education system is seen as a system of rote learning where risk-taking is discouraged. The entrepreneur is a risk-taker, therefore, the high school system needs to take this into account if it is to nurture the entrepreneurs of the future. The high school education system may well consider introducing creativity and entrepreneurial orientations within the curriculum. College and university education is critical to the future of entrepreneurship within the UAE. The higher the level of education, the greater the percentage of business owners. Not surprisingly, as education levels increase, the knowledge and skill level ratings increase, whilst the fear of failure as an entrepreneur diminishes. The non-degree issuing programs are perceived to enhance one's level of skills and competencies necessary in starting a new business more so than degree-issuing programs. However, non-degree issuing programs are associated with a higher level of 'fear of failure', thus, inhibiting business start-up activity. Degree-issuing programs, therefore, reduce the level of 'fear of failure'.

4. ACCESS TO FINANCE AND START-UP FUNDING SOURCES. Funding for most start-ups is obtained from one's own resources. Close family members and other kin or relatives are a major source of funding. The financial markets, such as Banks and the like, play a relatively minor role in start-up funding. Government support programs account for the smallest percentage of funding sources. Business Angels, as work colleagues, friends, neighbours and even strangers, are also a significant source of venture funds. Business Angels also appear to be a benign source of funds in that many have low expectations for high returns. Not ignoring, however, that some investors have much higher expectations, such as, five to ten times their initial investment. If business activity is to grow in the UAE, then there must be a financial support environment that enhances the creation, development and growth of high-quality start-up and young businesses. The creation of formal channels through which liquidity in the UAE can be channelled into business start-ups in the UAE needs to be addressed.

5. GENDER ISSUES. The propensity to start a new venture is much lower in the female population. The few female respondents who were moved to create a business venture were motivated primarily by opportunity, than by necessity. Public policy will need to place greater emphasis on generating higher levels of interest in the female population in creating entrepreneurial ventures.

6. OPPORTUNITY PERCEPTION AND SELF-CONFIDENCE. Good opportunities are seen in the coming six months for starting a new business venture. However, 'fear of failure' in starting the new venture was evident in the population, as was and much more importantly, the belief that the respondent did not possess the education, skills and competencies necessary for success in the new venture. Again, education is core to creating the future entrepreneur.

7. ENHANCING ONE'S STANDING WITHIN THE WIDER COMMUNITY. The interest in the creation of a new business venture within the UAE is based on the perception that it is a desirable career choice. It is also seen as a means of enhancing one's standing within the wider community. Furthermore, there is a perception that the media give coverage to the achievements of a successful new business. The extent of media coverage of the few successful businesses may well be camouflaging the low level of actual entrepreneurial activity.

8. INNOVATION, DIFFERENTIATION AND TECHNOLOGY ORIENTATION. Generally, established businesses are supplying all customers with 'novelty' products more so than nascent or young businesses. However, the nascent and young businesses are supplying smaller cohorts of customers with novel products. This outcome suggests that the start-up and young businesses are taking greater opportunity of the 'white spaces' in the market place. Start-up and young businesses are much more oriented toward technology utilisation than are established businesses. In fact, the nascent and young business is nine times more likely to be involved in the technology sector than is the established business.

9. BUSINESS START-UPS. Business start-up intentions in the UAE within the coming twelve months are relatively low on the global scale. Over the three year term, however, there is near double the intention to start a business. Thus, the future looks more positive for business start-ups, but it must be remembered that from a very low baseline of start-up activity. Business start-ups in the UAE are a function of opportunity motivation, rather than necessity. Simply put, there is little need to start-up a business to create employment for oneself in the UAE. The UAE has a relatively low level of business ownership across all three categories of business, that is, start-up, young and established businesses.

10. AGE RELATED ENTREPRENEURSHIP. There is surprising interest in the younger population in creating an entrepreneurial venture. This augers well for the next generation of business people. The younger generation are also generally positive about opportunities to start a new business, and the creation of a new business is seen as a 'good' career move. However, starting a new business is not disassociated with also holding a corporate job. The nexus between starting a new business and holding on to the corporate job must be broken if the benefits of necessity motivation are to be optimised. Also, the corporate job and the in-built financial safety net, is most likely to be a distracting, rather than motivating force for successful business creation and growth. The level of interest in starting a new business, not surprisingly, diminishes somewhat at the upper age band.

11. INTERNATIONAL TRADE. There is a strong international business focus within the UAE. Current businesses have a large percentage of clients outside the nation's borders. A strong export orientation is evident within the UAE as compared to other nations. In fact, it is one of the strongest performing nations on export orientation.

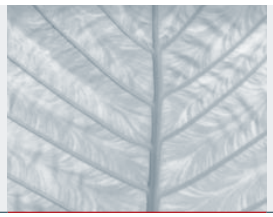
12. IMPORTANCE OF ENTREPRENEURIAL ACTIVITY. The UAE is placed in the high GDP/per capita category of nations, therefore, entrepreneurial activity may be seen as being of less importance than for a low GDP/per capita economy. Business start-ups in low GDP/per capita nations is often primarily driven by necessity motivation, that is, the need to create oneself a job. This is not so for the UAE as business start-ups are driven by opportunity, not necessity motivation. The lack of necessity motivation is also a reflection of low risk-taking within the community. If public policy aims at a re-structuring of the small business economy or broaden SME activity, then competence in opportunity recognition and evaluation must be developed, along with the skills and competence necessary in risk analysis. Furthermore, this must be closely aligned with confidence in risk-taking through a reduction in the 'fear of failure' of starting a new business.

13. JOB CREATION EXPECTATIONS. Of the small number of business start-ups, only a few are expected to grow into larger enterprises of over 200 employees. The desire to create another 'me-too' type business has little potential to grow into a corporation. Business start-up respondents have much less ambitious employment expectations for the future than required if the SME is to grow to become the large corporate employer. Broader perspectives and more ambitious expectations must obtain if the start-up and SME business community are to make a significant mark on employment in the overall economy - and over the longer term.

SUMMARY - NATIONAL ENTREPRENEURIAL UNFULFILLED POTENTIAL

The UAE does not lack entrepreneurial capacity, it lacks entrepreneurial confidence and formal financial support facilities. Furthermore, it lacks a coherent education system from high school through to college/university that enhances informed risk-taking. A rote learning educational foundation does not encourage learning through making mistakes; mistakes made in a safe environment that also help to develop self-confidence. It is self-confidence that nurtures the entrepreneurial spirit to take the next step toward creating that next new corporation. Confidence building in risk-taking should be central to any education/learning program.

Creating a start-up business is generally seen as a good career choice, particularly for the male population. This is not surprising in that the corporate world may well not offer the promotional prospects within the time-frame desired by the employee and, as a



consequence, one may well desire to generate one's business acumen via an activity outside the employer corporation.
Stories of business start-up success in the media is a motivator in the minds of the female population for creating a new enterprise. Furthermore, establishing a new venture start-up fits within the context of creating a more uniform living standard. Thus, a start-up may well be perceived as a mechanism for equalizing one's financial position within a perceived stratification of financial positions.

Fear of failure looms large in the minds of the respondents, particularly the male respondents. Given the relatively small Emirati population, news of failure in an enterprise may well quickly permeate the close-knit national community, thus, avoiding the risk of failure by not creating a start-up enterprise appears to be the option of choice. Conversely, fear of failure could well be a reflection of one's perceived inadequacies in the skills/competencies necessary for successfully starting and operating a successful enterprise. At the same time, fear of personal failure as a start-up entrepreneur, may well be a causal factor for acting as an investor in the start-up enterprise of another where there may well be financial risk but less risk to one's public persona. More simply put, financial risk may well be more easily camouflaged than the personal risk of being the owner/operator.

The common reasons for closing an enterprise revolve around two core issues across the two genders as follows:

- The capacity of the enterprise to provide a wage/salary/payment to the operator; and
- High level of competition within the market place.

The female population are more concerned with having the knowledge/skills to create and operate the business. Whereas the male population were additionally concerned about the products of the start-up company being new to customers, whilst a third of their customers were outside the country, thus, increasing the complexity in operating the business entity.

The authors believe that key constituencies, including public policy makers and business practitioners both understand the need for change in the present condition. What they do not understand so well is the fragmentation within the present situation. Many constituent members in good faith have made, and are still making, efforts to correct and/or change things from what they are. However, these same people are adding to the problems in so doing by even further fragmenting activities and/or inputs such as education, as well as, financial resources.

To maximise the impact of available resources, and to target such resources at increasing business start-up activity, then coherence and integration must prevail right across the board, from public policy on the small business and those conditions that stifle business start-ups in established areas of business (e.g., Agency Agreements in tightly controlled retail markets) financial support systems, education and learning inputs, through to media coverage, including commentary, on the need for a much greater national effort in increasing the number of business start-ups. Finally, we hope that this report assists in further understanding the reasons for starting-up and closing down enterprises within the UAE and that the findings herein inform public policy makers on the need for change in current practices as a means of creating momentum toward a more entrepreneurial society.

Implications For The General Public

The common stereotype of entrepreneurial activity within the UAE is that things are 'booming', due to the current rapid growth in the UAE economy. However, this is a strong misconception and could not be further from reality. There is great potential for enhanced entrepreneurial activity within the UAE, however, this myth along with the dragon of fear (fear of failure), have to be slain before the full potential from entrepreneurial activity is to be unleashed.

The general public of the UAE understand the need for entrepreneurial activity to create the future for the nation. They also hold in high esteem those who make the effort to create a new venture. Many wish to emulate the success of the few, however, the fear of failure outweighs the drive to try.

Let us borrow the words of Hindle & O'Connor (2004: 44) about entrepreneurship education stated in another time and place, but so relevant for the here and now in the UAE:

> *Lamentation will not solve the problem. Only education will. Deep-seated cultural inertial factors can only be overcome through the education system, and the general public simply will not scream for more entrepreneurship education. If entrepreneurial inertia and apathy are not to prevail, the cause of entrepreneurship education itself needs a high-profile champion or two or 50 to articulate and fight for the cause.*

They add: *"latent potential requires a catalyst in order to foment activity".*

Simply put, the future of entrepreneurship within the UAE must be placed in the hands of an active steward with the public policy support necessary to drive the ship forward into safe open waters and off the rocks of fear and trepidation of a future that may not include the safe haven of a corporate job for life.

Implications For Entrepreneurship Researchers

This report is an outcome of the first major study of this size into entrepreneurship within the UAE. The knowledge value of such a major study can only be fully assessed over time, therefore, this report should be taken as a baseline against which future research efforts should be measured and the results compared. It is recommended that GEM-2007 and 2008 studies be conducted as the results therein will more clearly demonstrate the real trends in entrepreneurial activity within the UAE. More importantly, such studies will present evidence about the effects of public policy interventions over this time frame. It should be noted that studies of this size are invariably time and resource hungry, thus, take the better part of a full year from preparation to final report.

RESEARCH RECOMMENDATIONS. The GEM-UAE 2006 study highlights the need for further investigation into the contribution of education to entrepreneurial activity within the UAE. The GEM-UAE research team has collected some data about education within the UAE and we envisage reporting the findings in the near future. However, this report should be seen as preliminary at best and may well need to be supplemented by additional research questions and further study.

Given that this GEM-UAE 2006 national survey collected data from all the seven Emirates, the sample size provides the capacity to produce preliminary reports by Emirate and even at the regional level. However, it should be remembered that whilst the sample size is relatively large for national surveys of this type within the UAE, the smaller populations in the sample from regional areas may be inadequate for drawing major conclusions.

Implications For Policy Makers

The Finance Gap

The contribution of the financial markets in stimulating and/or supporting entrepreneurial activity within the UAE is known from this study to play a relatively minor role. It seems to us that the reasons why need to be better understood. Furthermore, a shift from public sector support programs to the private sector through better access to equity and/or funding, and how this transition may take place would be of great benefit. Government support programs are varied and fragmented, thus, a more coherent approach would also be of great benefit. The form and extent of that coherence also needs to be better understood. Further study should provide answers to the above two issues.

Entrepreneurial Capacity

The UAE is well placed to make its mark in the wider international community. It has a strong international business perspective and is making its mark in the global corporate arena through strategic acquisitions. However, the nation seems to lack the same confidence at a more individual level to strengthen its economy further through small business start-ups. The reasons why are presented in this report. In summary:

- The nation perceives good opportunities for starting a new business within the coming twelve months to three years. Opportunity motivation drives business start-ups, however, this positive opportunity perception is offset by the diminishing motivation associated with the reality of receiving no monetary reward for effort.

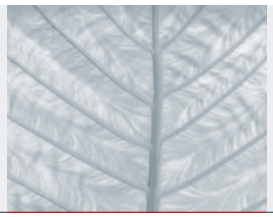
- Nascent businesses are offering the market place novelty products whilst the established businesses are supplying less novel products. The established business is, therefore, operating in a more mature and often more demanding market place than the nascent business. This outcome is reflected by the higher technology orientation of the nascent businesses. This trend is consistent with the UAE federal and state government interest in high-tech ventures, however, entrepreneurial capacity in the high-tech arena must be sustained over the long-term. The data from this study suggests that the number of high-tech ventures is inadequate to create, let alone sustain a high-tech industry.

- Optimism in creating a new venture, is often offset by the number of corresponding business shut downs over the same time frame. Support, both financial and non-financial, to sustain nascent businesses must be forthcoming if this trend is to be reversed. This problem is not being adequately addressed by either government funded or privately funded programs, as well as, educational or training programs.

- Entrepreneurial capacity is vital to the UAE over both the short and long term future. New knowledge and new perspectives must be generated and then converted into profitable and sustainable ventures.

- Ongoing research into entrepreneurship must inform public policy about the creation of business start-ups and their sustainability, as well as, the continuing assessment of public policy based interventions.

POLICY RECOMMENDATION. The GEM-UAE 2006 research team recommends the financing of the establishment of a Centre for Entrepreneurship within an established and recognised research-based academic institution for the ongoing conduct of targeted research into entrepreneurial activity within the nation.



Implications For Active Entrepreneurs

This GEM-UAE 2006 report should inform the few budding, active and serial entrepreneurs about the context within which they operate. More importantly, they should now better understand the issues that inhibit others from joining their fraternity.

Entrepreneurship has to be seen as more than starting-up another perfume, chocolate, hand-bag store or 'me too' business. Technology orientation has some credence within the nation, however, the tenacity required to take the start-ups through maturity as an SME into a larger corporate entity must take hold in the aspiring entrepreneur community if the nation is to broaden the economic base in moving forward. Chaos theory, as applied to business, tells us that big outcomes can come from small inputs. Thus, small change in attitude and practice in the wider community can make a large difference in business start-up activity. Educational programs with independently assessed credentials can make a significant contribution to developing the self-confidence to 'have a go' at creating and sustaining the next new business venture. Access to secure and ongoing funding will go a long way toward sustaining the next start-up. However, developing the potential business person's skills/competencies in conducting extensive business opportunity identification, assessment and full evaluation before one goes down the start-up track must be the first and next step forward in creating the entrepreneurial UAE of the near future.

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Appendix 1

GEM United Arab Emirates 2006 Respondents

Financial Support

Mr Alan Hyslop
Mr Hyslop is a Senior Vice President and Head of Funds and Co-investments for Dubai International Capital having joined the newly formed DIC in January 2005. Alan has worked in Private Equity since 1994 when he joined 3i plc in Glasgow. He moved to Singapore in 1998 with 3i as a Director and throughout this time he made a wide range of buyout and growth investments. In 2001 Alan joined PPM Ventures, the buy out focused private equity arm of the UK's Prudential plc. He was a Director in Hong Kong and then Singapore and led the execution of mid/large buyouts across the region and origination in South East Asia.

Mr Sulaiman Al Mazrouie
Mr Al Mazroui currently holds the position of Chief Manager-Group Affairs at the Emirates Bank Group and also the Executive Member of the Supreme Committee of Al Tomooh Finance Scheme for Small National Businesses. Mr. Sulaiman is also on the Board of Directors for Diners Club, Network International, Emirates Islamic Bank and Dubai World. Before joining Emirates Bank, Mr. Sulaiman held the position of Chairman at Dubai Transport Corporation and Secretary General for the Arab Center for Communication and International Relations (Arab Businessmen Forum). He was also the Chairman of the Media Committee for UAE Banks and Central Bank during the IMF/World Bank Meeting in Dubai in 2003

Ms Claire Ray
Ms Ray is a social and economic expert based in the UAE and is currently Executive Director at Planet Finance, UAE. She has previously taught Economics and Accounting at schools in the UAE. Claire is also a member of Amnesty International and a Coordinator member at MSF where she helped launch two offices in the UAE.

Mr Riad Khaleel Mattar
Mr Mattar is the Director of Information at the Abu Dhabi Chamber of Commerce. Prior to holding this position, Mr Riad worked as an entrepreneurship trainer and consultant. Mr Mattar is also a UN Certified IT consultant.

Government Policies

Mr Abdul Baset
Mr Baset is the Chief Executive Officer of Small and Medium Enterprise Initiative at the Mohammed Bin Rashid Establishment.

Dr Soheir M. El Sabaa
Dr Soheir completed a Professorship in Economics in the United Kingdom and a PhD in Industrial Economy in the USA. She has been working as an Economic Consultant for Dubai Development and Investment Authority and Dubai Holdings for the past fifteen years. Prior to that Dr Soheir worked as an Industrial Consultant for the Dubai Chamber of Commerce and as a Senior Economic Analyst for the Arab Times Magazine in Sharjah. She has also been a regular judge for the Mohammed Bin Rashid Award for Small and Medium Projects.

Mr Khalid Al Kassimi

Mr Al Kassimi is the Director of Dubai Economic Development and the driving force behind a new initiative to train entrepreneurs and equip them with an entrepreneurship diploma.

GOVERNMENT PROGRAMS

Sheikha Lubna Al Qassimi

Sheikha Lubna is the United Arab Emirates' Minister for Economy. In November 2004, she became the first woman in the country's history to assume a cabinet position, appointed to manage the UAE's newly merged economy and planning portfolio. Sheikha Lubna was also the Chief Executive Officer of Tejari, the Middle East's premier electronic business-to-business marketplace, and is now serving as a board member of Tejari. Prior to managing Tejari, Sheikha Lubna was the first Senior Manager of the information systems department at the Dubai Ports Authority (DPA), a position she held for more than seven years. Sheikha Lubna has been recognized internationally by Forbes.com as one of the women to watch in the Middle East and by Women News in New York as one of 21 leaders in the 21st century.

Dr Obaid Al Muhairi

Dr Al Muhairi is Director, Center for Curriculum and Educational Materials Development, Ministry of Education at UAE. He is also, a member of Task Force on Educational Reform in the Middle East and North Africa (BMENA) and member of Advisory Boards of both Zayed University and Dubai Women's College. Dr Obaid gained his PhD in History of the Middle East and Modern Europe from Georgetown University, Washington D.C.

Dr Eesa Bastaki

Dr Bastaki is Director of Technology at Dubai Silicon Oasis. Dubai Silicon Oasis is a technology park under-development in Dubai in the UAE. DSO was launched in January, 2005, aiming to become a world center for electronic innovation, research, and development. The project is to span over 7.2 million square meters. The project has entered phase one of the construction which includes the construction of 560 residential villas. As of current, DSO holds the region's only center for electronic design and innovation.

Dr Linda Low

Dr Low is the Head, Strategic Planning, Department of Planning and Economy, in Abu Dhabi, United Arab Emirates and Associate Senior Fellow at the Institute of Southeast Asian Studies, Singapore where she was formerly Senior Associate Research Fellow. Prior to that, she was Associate Professor in the Department of Business Policy in the Business School of the National University of Singapore. She obtained her PhD. in economics from the National University of Singapore. Her research focus is on human resources development, public policy, economic development and trade. She has served as a consultant to many international and local agencies in Singapore. Among her most recent publications are *The Political Economy in a City-state Revisited in 2006 and Political Economy of East Asia: A Business Model in 2004.*

Education and Training

Dr Abdulla Al Karam

Dr Al Karam was appointed Secretary General of the Dubai Education Council (DEC) in 2005, established to develop the quality of Dubai's education sector to world class standards. He is also Chief Executive Officer of Dubai Knowledge Village (KV) and has held the position since its inception in 2002. In addition, in 2004 he was appointed Director of HH Sheikh Mohammed Bin Rashid Al Maktoum IT Education Project (ITEP) and Director of Tamkeen, a training centre for the visually impaired. He has extensive experience in both corporate and academic spheres. Before assuming the post of CEO of Dubai Knowledge Village, Dr Al Karam was Manager of the Research Unit at Dubai Internet City and the CEO of Knowledge Access

Dr Omar Hefni

Dr Hefni has extensive work experience with government and industry including Hughes Aircraft company where he worked in a number of different senior management positions. Prior to joining Hughes, he held financial management positions with the Community Redevelopment Agency of the City of Los Angeles. In academia, he is the current President of the Dubai University College and was also the Dean of the College of Business at the United Arab Emirates University. This service resulted in the accreditation of the College (the first in the Middle East) by the Association to Advance Collegiate Schools of Business (AACSB International). He also served on the faculty of the School of Business Administration and Economics at California State University, Fullerton and the University of California at Los Angeles.

Dr Howard Reed

Dr Reed has been Director of Dubai Women's College (DWC) for the past 15 years. All of DWC's graduates are UAE Nationals, and many of them are now in key positions in the most important organizations in Dubai. This revolution of working local women filled a void which is still common in many parts of the Arab world and is an essential part of the sustainable development equation for the Nation. Howard received a BSc from the University of South Dakota, an MBA from the University of California, Berkeley, and a PhD from the University of Washington. Both of his graduate degrees had an international focus and since then he has spent 12 years working in France, England, New Zealand, Germany, Sweden and Italy, before going to the UAE. Most of Howard's career has been as a professor or academic administrator, however, he has also had valuable experience with the US Army, Ford Motor Corporation, Boeing Corporation, numerous consulting assignments and travel in most parts of the world. In July 2005, Howard was appointed as member of the Dubai Education Council setup by the Crown Prince of Dubai to improve Dubai's educational sector and bring it in-line with international standards.

Mr Thamer Saeed Salman

Mr Thamer is the Vice President of Ajman University

Research and Development Transfer

Dr Mohammed Al Attar

Dr Al Attar is Director General of the International Center for Biosaline Agriculture in Dubai, United Arab Emirates. He leads the ICBA in generating new knowledge and technology in saline irrigated agriculture. A marine biologist with a PhD. in Marine Science from the University College of North Wales in Bangor, UK, Dr Al Attar has a long history of achievement in research management, institutional development, fund-raising, and an extensive history of research publications. Prior to joining ICBA, Dr. Al Attar was Deputy Director General for Research, Life and Environmental Sciences at the Kuwait Institute for Scientific Research (KISR).

Dr Robert Richards

Dr Richards is Chief Executive Officer at the Center of Excellence for Applied Research and Training (CERT) in Abu Dhabi, United Arab Emirates. Dr Richards is Founder and/or Co-Founder of five Canadian Companies and served as CEO for two of these. For his work in business development in Newfoundland Dr Richards was awarded the 1994 Entrepreneur of the Year Award and was an Invited member of the Prime Minister of Canada's "Team Canada" International Trade Delegation in 1998. From 1999 to 2004 Bob was Executive Director and CEO of the Gardiner Institute for Enterprise and Entrepreneurship and NexInnovations Chair in Technology and Entrepreneurship at Memorial University in Canada. Dr Richards was co-appointed by the faculties of Medicine, Science, Engineering and Business. In this capacity he led the successful launch and commercialization of 15 technology companies arising from discoveries in medicine, science and engineering. Bob's speeches and papers have been featured at more than 200 events since 1990. He is considered a thought-leader in the human and education issues arising from technology and change. On four occasions excerpts from Dr Richards' presentations have been aired on the Canadian Broadcasting Corporation's popular international radio show "As It Happens", during their "For the Record" segment.

Ms Christine Denham

Ms Denham has been working for Shell Abu Dhabi for the past two years. Ms Denham works in the Communications department and is responsible for the Intilaaqah Abu Dhabi programme, one of Shell's social investment initiatives based on the Shell LiveWIRE programme. The programme provides training and support to young UAE Nationals (aged 18-32) who are interested in starting their own business. Before joining Shell, she worked for nearly eight years at the Higher Colleges of Technology, Abu Dhabi Women's College campus, and was in charge of their Work Experience programme.

Dr Maitha Al Shamsi

Dr Al Shamsi is the Assistant Provost for Research Affairs at the United Arab Emirates University in Al Ain. In 2006, she was appointed as an Advisor to the President (H. H. Sheikha Fatima, First Lady of the UAE) of the Family Development Foundation. She is also a member of UNESCO's Scientific Committee for the Arab States, the Management Council, Paris-Sorbonne University in Abu Dhabi, and the Research Advisory Committee at Harvard Medical School Dubai Center. Dr Maitha has published a large number of books and research papers and was listed in the 2000 Outstanding Scholars of the 21st Century, by the International Biographical Centre in Cambridge, England. She was also announced as the Distinguished Administrative Woman in the Arab World, as part of the Mohammed Bin Rashid Al Maktoum Award for Arab Management in 2003.

Commercial and Professional Infrastructure

Dr Habib Al Mulla

In 2001 Dr Al Mulla was appointed by Royal Decree as a member of the Board of Directors for the Institute of Advanced Legal and Judicial Studies. Dr Al Mulla has also been selected to preside as Chairman of the Legislative Committee of the Dubai International Financial Centre and as a Member of the Regulatory Council of the Dubai International Financial Centre. Most recently he was appointed as a member of the Federal National Council.

Mr Anis Sadek

Mr Anis Sadek is the Office Managing Partner in Dubai for Deloitte and Touche. Mr Sadek is responsible for the delivery of Deloitte's multidisciplinary services to the Dubai market. He has worked in the Arabian Gulf region for over 20 years and has held senior positions with two other "Big Four" firms prior to joining Deloitte & Touche Middle East in 2003. His experience spans assurance, financial advisory and management consultancy and his clients have included premier banking and financial institutions, oil and gas companies, construction, manufacturing and refining organizations - in addition to a wide variety of privately held businesses and governmental organizations. Mr Sadek also represents the Middle East firm in Deloitte's global Clients & Markets organisation, which defines and implements Deloitte's key business strategies and oversees services to Deloitte's most strategic clients.

Mr Tawheed Abdullah

Mr Abdullah is the chairman of the gold and Jewellery Group and the Managing Director of Damas. Mr Abdullah in conjunction with Dubai Women's College, initiated the Jewellery Diploma which trains students to become well qualified Jewellers.

Market Openness

Mr Khalid Al Jassim

Mr Al Jassim is the Director General of Fujairah Chamber of Commerce. He is also a successful Entrepreneur and under his leadership has attracted a large number of international businesses to set operations in Fujairah.

Mrs Raja Al Gurg

Mrs Al Gurg is the Chief Executive Officer of Al-Gurg Group and the president of the Business Women Committee. She is also a committee member in various educational boards e.g. Zayed University and Dubai Women's College. She was awarded the Woman of the Year 2003 by Datamatix and was selected by Forbes International Magazine as amongst the strongest 50 Arab Business woman. She has also been selected as the 4th strongest Arab Business woman in the year April 2006. She has been the keynote speaker at a number of bilateral economic forums on behalf of the UAE

Mr Saeed Al Jarwan

Mr Al Jarwan is the Director General of the Sharjah Chamber of Commerce. The SCC Mission is to represent the business sector in the Sharjah Emirate, guard and protect and widen their interests, as well as, widen their co-operation between members. In addition, it offers the services that enhance and develop economic activity within the Emirate.

Physical Infrastructure

Malek Sultan Al Malek

Mr Al Malek is the Director of Partner Relations Management at the Dubai Internet City (DIC), the Middle East's biggest ICT infrastructure, built inside a free trade zone. In his capacity as the director of Partner Relations Management Malek develops strategies for customer retention and enhancing DIC Business Partners satisfaction level through account management activities and business development initiatives. He also acts on behalf of the DIC Executive Director in his absence and deals with all strategic issues pertaining to DIC, which has over 850 companies operating out of its facilities. In 2004-2005 he was awarded with a Certificate of appreciation from Dubai Shopping Festival for being an active member in the Steering Committee for two years. In 2003 he received a Certificate of Appreciation from the Government of Dubai for his nomination to the Dubai Government Excellence Programme by TECOM Investments.

Mr Mubarak Ali Al Shamsi

Mr Al Shamsi is the Director General of Ras Al Khaimah Municipality and a driving force for many initiatives to increase entrepreneurial activity in Ras Al Khaimah, particularly in the fishing and ceramics industries.

Mr Youssef Al Sayed Al Hashemi

Mr Al Sayed joined the project to establish Thuraya, a regional telecommunications company operating in the Middle East, in 1995 when he was appointed as a leading negotiations and project contractor with major satellite manufacturers, as well as in the management of key technical and regulatory aspects of the project. Mr Al Sayed was appointed Thuraya's Chief Executive Officer in 1998. Mr Al Sayed has been driving the design, development, promotion, launch and commercial operations of Thuraya's mobile satellite system. Mr Al Sayed began his telecommunications career with Cable & Wireless. In 1988, he joined Etisalat and has held various engineering management positions, including Chief Engineer Transmission and Chief Engineer Satellite Network, where he was in charge of the development of Etisalat's terrestrial fibre and radio networks as well as the satellite communication facilities. Mr Al Sayed holds a Bachelor of Science degree in Electrical Engineering.

Mr Humaid M Bin Salem

Mr Bin Salem is Director General, Umm Al Quwain's Chamber of Commerce

CULTURAL AND SOCIAL NORMS

Mr Wael Al Sayegh

Managing Director, Embrace-Me.com. Mr Al Sayegh is a UAE national born in Edinburgh, Scotland. He was raised in Dubai, and educated in the prestigious Rashid School for Boys, a UAE government initiative that provides British based education to UAE Nationals. He holds a Master of Arts from the University of Glasgow, Scotland, UK and a Project Management Master's Certificate from Regis University, USA. Mr Al Sayegh has worked with some of the region's leading financial institutions both in the private and public sector. His family has a long history in the region, and has played a key role in its development both politically and socially. His international exposure, together with his work experience with foreign companies and clients, has given him much experience in explaining the region's culture, customs and history to non-Arabs. Mr Wael is a regular guest on the Business Breakfast radio show on Dubai Eye station 103.8. Wael is an accomplished poet and has written a book of poems that is soon to be available internationally.

Dr Mouawiya Al Awad

Dr Mouawiya is the Acting Director and Head of Research at TANMIA

Mr Bassem Kudsi

Mr Kudsi is the Information Technology Group Manager for the Abu Dhabi Authority for Culture and Heritage. He has experience in the information technology industry and its use in the support of SME business activities. His current role includes the utilisation of information technology in the integrated management and storage or cultural artefacts, as well as, the promotion and enhancement of culture and heritage.

Dr Christopher Davidson

Dr Davidson is currently based at the Dubai campus of Zayed University in the United Arab Emirates. He has previously worked in Abu Dhabi. His academic qualifications include a PhD degree in Middle East Politics from St. Andrews University in Scotland, an M.Litt degree in Middle East Politics, also from St. Andrews, and a BA degree in Modern History from Cambridge University (Kings College). His research focuses on the history, political economy, and security of the GCC states, in particular the UAE and Kuwait, and he is the author of the recent book *The United Arab Emirates: A Study in Survival*. In addition he has worked with various business intelligence publications, including the Oxford Business Group, and most recently has contributed articles to leading international journals on the subjects of political development in post-Zayed Abu Dhabi, on the differentiated impact of globalisation within the UAE, on the concept of federalism in the Gulf, and on the nature of Britain's control over the region's pre-oil economy.

Appendix 2

GEM United Arab Emirates Principal Sponsor

Mohammed Bin Rashid Est.
For Young Business Leaders

Introduction:

Mohammed Bin Rashid Establishment for Young Business Leaders was launched on June 12, 2002 and was formed with a vision to nurture the entrepreneurial spirit in Dubai, encourage and facilitate the development of business and entrepreneurial activity among UAE nationals and catalyse the development and growth of a key sector of the economy, the small and medium business sector.

The Establishment's key activities focus on:

- Creation of new businesses by offering a platform for ideas and financial support.
- Inspiring entrepreneurial spirit among UAE nationals.
- Raising awareness of business opportunities and spreading business knowledge
- Assisting and supporting enterprises run by UAE nationals through instilling best practice and providing them with market opportunities.

Our Mission:

"Foster the development of entrepreneurialism, encourage and support UAE nationals to actively participate in the economic growth of Dubai, and facilitate the establishment of small and medium enterprises."

Strategic Objectives:

- Promote entrepreneurial spirit by raising awareness, and providing education
- Increase the rate of new businesses through suitable financial support
- Create a business enabling environment to the development of SME's
- Provide a gateway to government procurement activities

Departments:

Fund:

- Objectives is to help address the challenges of funding gap of Small and Medium businesses and make capital available to reliable businessmen to start and grow.
- Provides access to capital through banks at preferential terms.
- Funding through Islamic and commercial banks.
- Loan amounts range from AED 100,000 to 3 million.

Government Relations:

The Government Relations (GR) is an integral component of the Mohammed Bin Rashid Establishment. Under this department, there are two units, the first one is the Government Procurement Program (GPP), where the Government has mandated that all Government departments dedicate at least 5% of their annual procurement activities through companies registered with the Establishment, in accordance to local order.

This program aims at creating alliances with several private corporations to support this initiatives by allocating at least 5% of its annual Procurement contracts to the registered member in the Government and Members Relations Program. This alliance is an added advantage to the member of the GMR program to facilitate activities and the program is a valuable and highly effective means for corporations to contribute to the growth of the economy and build bridges with the young business leaders of the future.

Under Government Relations is the Labour Exemption fees facility, these fees are imposed by the Ministry of Labour (LG) and here at Sheikh Mohammed Bin Rashid Establishment for Young Business Leaders we offer the exemption to Young Entrepreneurs to overcome obstacles due to lack of capital for development and enhancement of business.

The second unit is Entrepreneur Relations(ER) where we provide to our members all the facilities needed to start their businesses such as interaction with relevant Government Licensing departments in the Emirate of Dubai to offer all type of license including Trading, Tourism, Professional and Industrial.

Business Center:

- A location where new entrepreneurs establish their new business and secure support they need to effectively manage and grow their enterprises at a reasonable cost.
- Accessibility to the offices is for 24 hours a day.

Training & Development:

- Develop creative, innovative, business ideas
- Decide to start business
- Identify market gaps
- Understand market trends

Our Major Projects

Business Village

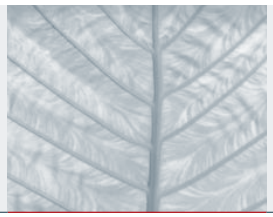
Business Village is the latest initiative of the Mohammed Bin Rashid Establishment For Young Business Leaders. A business park commercial real estate initiative, Business Village is dedicated to fostering the growth and development of small and medium enterprises and supporting on entrepreneurs.

The Business Village will be a centrally located facility at the heart of Dubai, next to the clock tower roundabout. The first phase of the project will be ready in October 2007 and will also house the new headquarters of the Mohammed Bin Rashid Establishment.

The Business Village offers a unique environment and facilities to nurture entrepreneurs, small and medium enterprises of the region. It will offer flexible licensing for a wide spectrum of businesses such as retail, franchise, trading, professional education, tourism and many more. It is the first to offer such wide licensing facility, which will boost the SME sector and the national economy.

The facilities include flexible office space, a comprehensive business centre which will provide various administration and consultation services, financial assistance, business incubation services and flexible options for offices. In addition, it will offer office facilities such as auditorium, meeting rooms, display and exhibition area and support services such as stationery, courier, banks etc at the same vicinity.

The other facilities include a well equipped gymnasium, spa, food court, restaurants and retail outlets catering to specific requirement of office set up. For more information please contact the Business Village team on +9714 3613000 / 3613001.



Appendix 3

GEM United Arab Emirates Methodology

The GEM consortium prescribes the four protocols to be used in the national study. Survey techniques are systematic and rigorous, and closely followed so as to maintain the capacity to make credible and meaningful comparisons across nations. The four major data sources are:

- A national adult population survey using a standardised questionnaire (the same for all nations) is followed with a random sample of no less than 2,000 typical adults;
- In each GEM member nation personal interviews with at least 36 Key Informants, or experts in their field, are surveyed on various aspects of entrepreneurship within their area of expertise (key areas of expertise are described below);
- A standardised questionnaire is completed by these same experts;
- Demographic and standardised economic data is selected national sources.

National Population Survey Methodology

The national population study serves to answer the question - 'What are the differences in the level of entrepreneurial activity between countries?' A rigorous random sample of the national population is conducted with no less than 2,000 respondents. The member nation may exceed this number if desired and given there is the budget to do so. The GEM-UAE study sampled 2001 respondents (referred to as Sample A) plus an over-sampling of a further 1011 randomly sampled respondents from the national population (referred to as Sample B), thus, making a total of 3012 respondents. However, for this National Report, only the 2001 respondents from Sample A formed the basis of analysis as it was felt the over-sampling may well skew the data for the National Report.

The national population survey data is then submitted to the GEM coordination team at the London Business School for evaluation and harmonising to produce, within and across nations, reliable benchmark data.

Key Entrepreneurial Participation Indicators

The key participation indicators of entrepreneurial activity measured by the survey are:

- Participation in genuine business start-ups (paying wages no longer than three months);
- Participation in young firms (firms less than 42 months old at time of survey);
- 'Angel' investors participation in business investment.

The first two of these participation rate indicators are combined to form an index named as the Total Entrepreneurial Activity Index (TEA). Thus, the TEA is a combination of both start-up and young business activity.

In-Depth Interviews of National Experts

In-depth interviews are conducted with business people considered to be 'experts' within at least one of the nine identified framework conditions of entrepreneurship. The nine frameworks are (refer Hindle and O'Connor, 2004):

- FINANCIAL SUPPORT: availability of financial resources, equity, and debt, for new and growing firms including grants and subsidies;
- GOVERNMENT POLICIES: the extent to which government policies as reflected in taxes, regulations and their application, are either size-neutral, discourage, or encourage new and growing firms;
- GOVERNMENT PROGRAMS: the presence of direct programs to assist new and growing firms at all levels of government – federal, state and local;
- EDUCATION AND TRAINING: the extent to which training in creating or managing small, new, or growing business is incorporated within the educational and training systems at all levels; and the quality, relevance and depth of such education and training;
- RESEARCH AND DEVELOPMENT TRANSFER: the extent to which national research and development will lead to new commercial opportunities and whether or not R&D is available for new, small, and growing firms;
- COMMERCIAL AND PROFESSIONAL INFRASTRUCTURE: the availability and quality of commercial, accounting, and other legal services and institutions that allow or promote the emergence of new, small, or growing businesses;
- MARKET OPENNESS/BARRIERS TO ENTRY: the extent to which commercial arrangements are prevented from undergoing constant change and re-deployment, preventing new and growing firms from competing and replacing existing suppliers, subcontractors, and consultants;
- ACCESS TO PHYSICAL INFRASTRUCTURE: ease of access to available physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against new, small or growing firms;
- CULTURAL AND SOCIAL NORMS: the extent to which existing social and cultural norms encourage, or do not discourage, individual actions that may lead to new ways of conducting business or economic activities and, in turn, lead to greater dispersion in wealth and income.

Face-to-face KI interviews are semi-structured with narrative noted for later analysis. The interviews have three objectives, that is, to identify those factors that:

- Enhance and/or inhibit the development of entrepreneur activity, including the number of independent and/or corporate start-ups in the surveyed nation;
- Contribute to the development and enhancement of entrepreneurial activity, including the number of independent and/or corporate start-ups in the expert's nation;
- Increase the development of entrepreneurship and the number of independent and/or corporate start-ups in the surveyed nation.

The interview invites Key Informants to identify what they believe are the top three weaknesses impeding entrepreneurial activity within the nation, the top three strengths supporting entrepreneurial activity along with suggestions for change to improve the nation's entrepreneurial effectiveness.

The International Survey of Expert Opinion

Key Informants are asked to respond to a number of statements presented in a short questionnaire provided by GEM. The objective is to gather quantitative information on the nine entrepreneurial framework conditions. The questionnaire comprises of the following:

- Statements relating to the nine framework conditions and to entrepreneurial capacity as follows:
  i. Entrepreneurial opportunity;
  ii. Respect for entrepreneurs;
  iii. IPR protection; and
  iv. Women entrepreneurship.

There are between five and seven statements per framework category with a five point rating scale. Items measure the expert's perception of the conditions influencing entrepreneurial activity in their country;

- Population survey items. These items are as per those used in the adult population survey with comparisons made against those attitudes expressed by the general population. GEM compares expert opinion between countries.

Limitations

The results of any national survey is only as good as the data collected. Every effort has been made to achieve the standards of randomness and quality required for such a study. The sample size of over 2000 respondents is proportionally higher than that which would be obtained from a larger nation of people. The qualitative element of the data collected is also independently assessed by GEM in the harmonising process. Naturally, some surprising outcomes have obtained, thus, it would be easy to question the veracity of the data if one were to disagree with the findings. We believe that the international standards set by GEM have been met and that the data, therefore, is sufficiently robust for meaningful and informing conclusions to be drawn. The real test of this assertion is the replication of the study over several years. Only then can we be fully confident that exogenous factors have not skewed the data for this year. Notwithstanding that this report may well inform pubic policy change, which in turn, may well change the entrepreneurial capacity of the nation. Thus, the real value of further study of entrepreneurial activity in 2007 and beyond.

Given that this GEM-UAE 2006 national study is the first for the nation, we have modelled this report (and the format therein) on the work of Hindle & O'Connor (2004); former colleagues of one of the authors of this report. However, we have taken the liberty to present a more commercial (rather than academic) flavour to this report. It is our impression that this will better meet the needs of the constituency of this nation.

With such a large database many permutations can be explored, however, we are somewhat limited in the amount of material we can present in this report. What was, and what was not included in this first National Report has been the judgment of the authors.

We are of the opinion that there are many interesting and surprising insights offered by the GEM data and from the expert interviews. But, there is also scope for additional drill-down explorations at greater depth about specific issues or cross-regional comparisons of entrepreneurial activity. We welcome enquiries from anyone interested in doing so.

Appendix 4

Research Team

Professor Kenneth Preiss (PhD) holds an undergraduate degree with a double major in both Clinical and Organisational Psychology from Flinders University, South Australia, as well as, a Master of Commerce and Doctor of Philosophy from The University of Melbourne. He is a former Director of Coopers & Lybrand W.D.Scott (now PriceWaterhouseCoopers in Australia) consulting in human resource management to Federal and State government bodies as well as to large and small private sector corporations and enterprises. Prof Preiss specialises in corporate/business strategy creation, development and implementation. He has consulted to corporations like Siemens (Singapore), Henkel (Sydney) Ausdrill (Chile) and ADCO (UAE). In addition, he has conducted Action Planning programs for the Indonesian–Australia Specialised Training Project - Phase II - Intellectual Rights. Prof Preiss has presented television programs on corporate/business strategy development and implementation, entrepreneur enterprise creation and growth and the Action Planning approach to management. He also coaches budding entrepreneurs. Prof Preiss has lectured in organisational behaviour, innovation creation and diffusion through informed marketing strategies, corporate and business strategy development and implementation, as well as, entrepreneurial venture creation and growth. He has taught in business schools at Hochschule Bremen Germany, The University of Melbourne, the Victoria University of Technology, Melbourne, Western Sydney University, the Central Queensland University, University of Technology, Sydney, Northeastern University, Boston USA and as Professor of Strategy and Director MBA program at the Australian Graduate School of Entrepreneurship, Swinburne University of Technology, Melbourne. At Northeastern, he was a member of the coaching team for the Beanpot inter-university case analysis competition and also a judge for preliminary rounds of the Northeastern University $US60,000 entrepreneurial venture competition. Prof Preiss presently holds the position of Professor of Management, Zayed University Abu Dhabi and is the lead academic on the UAE GEM project. Prof Preiss is a member of the European International Business Academy and also the Academy of Management. He is the recipient of the Academy of Management (Entrepreneurship Division) Award in recognition of outstanding service to the Academy for International Liaison.

Assistant Professor Declan McCrohan (PhD) graduated with a PhD in Applied Economics and a Masters degree in International Trade from Victoria University in Australia. His PhD research examined the impact of overseas students' social networks on global trade flow patterns.

Dr McCrohan has worked for the Australian Government in the area of Strategic Trade Development and was involved in the publication of an Australian Government report titled "Knowing And Growing the Australian Exporter Community" which led to an Australian Government policy initiative to double the number of Australian exporters in five years.

Dr McCrohan also worked in Thailand for three years as the Victoria University Thailand Offshore Program Coordinator and has extensive experience in developing International Education projects throughout Asia.

Dr McCrohan has taught economics/international business/statistics subjects at both the undergraduate and postgraduate levels in Australia, Thailand and the United Arab Emirates and his primary research interests include international education issues, social network analysis, and international trade flow modeling.

Dr McCrohan is also the Director of a company he runs with a local partner in Thailand that specializes in international education projects in Asia.

Notes:

This Book

Over the past twelve months a research team from Zayed University sponsored by the Mohammed Bin Rashid Establishment For Young Business Leaders conducted the first ever study into entrepreneur activity within the United Arab Emirates.

The team formed part of the 2005 Global Entrepreneurship Monitor (GEM) consortium of forty-two nations in investigating entrepreneur activity within their respective country. The data collected from these countries allowed for a comparison of UAE entrepreneurial activity at the international level.

A comparison between the UAE and the other nations is presented, along with the identification of enhancers and inhibitors of entrepreneurial activity within the UAE.

This report should be greatly helpful to the public policy makers, current and future entrepreneur, entrepreneur educators, as well as, any one interested in entrepreneur activity within the UAE.

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