

Press Release

Entrepreneurship is Well Perceived but Fear of Failure still Dominates the Charts

The 2017/18 Global Entrepreneurship Monitor (GEM) UAE national report mentions that the UAE ranks first among all innovation-driven economies for the newly-issued index GEM's Entrepreneurial Spirit Index (GESI) and there is an extremely positive view of entrepreneurship in the country.

The UAE ranks seven out of the 54 economies and first out of the 24 innovation-driven economies - this according to the Global Entrepreneurship Monitor (GEM) 2017/18 UAE national report released today with sponsors the United Arab Emirates University as a leading institution.

The GEM UAE 2017/18 report shows that adult population perceives entrepreneurship very favourably and it has the highest intention in the world to start a business. However, it was found to also have the highest rate of fear of failure, which has been on the rise since 2006.

Moreover, the UAE adult population exhibits a high desire for entrepreneurship despite a lack in perceived opportunities. Only one third of the population sees good opportunities in starting up new businesses in the next six months – the lowest rate compared to the benchmarked countries (and #37 globally). “We believe there is a huge opportunity to improve the level of entrepreneurial activity in the future if both fear of failure and perceived opportunities are further investigated and addressed,” said Prof. Nihel Chabrak, UAE GEM Team Leader & UAE Chapter Steering Committee Chairperson.

Key findings of the latest GEM report

The Average Total Early Stage Entrepreneurial Activity (TEA) in the UAE, which represents the percentage of adults who have started or are running a business up to three and a half years, reached nine per cent in 2017. The lowest rate was registered in Bulgaria (3.7%) while the highest rate was recorded in Ecuador (29.6%). “People don't have any other option to survive than to be entrepreneurs in factor-driven economies and mainly poor countries,” Prof. Chabrak said. “While in developed economies, people prefer working in companies.”

The findings show that the UAE youth have a significantly less than positive individual self-perception about entrepreneurship. They have the highest fear of failure (68.1%), the lowest perceived opportunities (26.4%) and the lowest knowledge of entrepreneurs (49.4%). They also think having the least capabilities to start-up a business (53.3%).

“For the second year in a row, the UAE is ranked [high] globally in this fear of failure,” Prof. Chabrak said. “It's something we don't understand. In 2018, we added questions to our Adult Population Survey to understand exactly where it comes from. The UAE ranked first for entrepreneurial intentions, but also first for fear of failure, and we still don't know if this fear plays a positive or negative role, but we will investigate it further in our 2018/19 report.”

Another finding shows that the adult population with graduate experience seems to have a significantly lower fear of failure than the other groups (48.4%), although they perceive

themselves having the least capabilities to start-up a business (60.8%). When looking at the characteristics of those involved in entrepreneurial activities in 2016 and 2017, the involvement of this group in early stage entrepreneurial activity still seems to be limited. To build a knowledge economy, there should be specific actions to increase their participation.

“Entrepreneurship will prove vital in setting up the UAE’s knowledge economy in the near future,” said Professor Mohamed Albaili, Vice Chancellor at the United Arab Emirates University. “It is therefore crucial that we investigate the causes behind these numbers for the country to be able to build a reliable and productive working community.”

In terms of societal values, the UAE is in very good shape as it typically ranks first in terms of respect people have for successful entrepreneurs and media coverage of entrepreneurs. In general, societal and individual values in the UAE are strong.

Regarding its eco-system, the report found the UAE is very well-positioned among other economies. The country ranks first globally in government policies, second in cultural and social norms and third for entrepreneurial education at the school level and for physical infrastructure.

“There are other conditions for which we believe a lot has to be done, including research and development transfer where there is room for improvement,” Prof. Chabrak said. “Another condition highlighted by many experts and we think is really something to focus on in the next years is finance for entrepreneurs.”

Most experts and entrepreneurs believe there is not enough finance and funding for entrepreneurs, and lack of funding is one of the major reasons they discontinue their entrepreneurial activity.

Finally, the GEM UAE national report also includes several case studies including one focusing on entrepreneurship and happiness. “We have a deeper understanding of whether entrepreneurs are happy than non-entrepreneurs, and they’re not,” she added. “We expected the opposite and we need to do more investigation. The objective of the study was to give policy-makers a better understanding of the relationship between both and how to increase the happiness and wellbeing of entrepreneurs and the UAE population in general.”

Another case study was dedicated to the new bankruptcy law, which could explain the level of fear of failure. Other case studies present role models, events and ecosystem players.

Prof. Chabrak concluded by mentioning that, starting from 2017, GESI, the newly-issued index by GEM Global, will be used by the UAE government as a benchmark for the entrepreneurship goal in the national agenda. With the support of the UAEU, GEM UAE is honored to work in cooperation with the Ministry of Economy to improve the ecosystem and the level of entrepreneurial activity in the UAE and its impact.

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About the Global Entrepreneurship Monitor (GEM)

[The Global Entrepreneurship Monitor \(GEM\)](#) was initiated in 1999 as a joint venture of Babson College and the London Business School. Starting with 10 participating economies, the project expanded to include 73 economies in its 2014 survey. The latest survey spans 54 economies. GEM is the largest and most developed research program on entrepreneurship in the world. GEM is unique because, unlike most entrepreneurship data sets that measure newer and smaller firms, GEM studies the behaviour of individuals with respect to starting and managing businesses. GEM academic teams in each participating economy are members of an exclusive research project that provides access to the collective knowledge of some of the world's most renowned researchers and institutions involved in entrepreneurship research. At a time in history when individual entrepreneurial activity may hold the key to transforming the global economy and discouraging ingrained economic disparity in countries with minimal economic opportunity, GEM data has influenced national economic policies and continues to expand its collaborative role. Global sponsors of the research include Babson College (lead sponsor) in the United States, Universidad Del Desarrollo in Chile, Universiti Tun Abdul Razak in Malaysia, Korea Entrepreneurship Foundation, Tecnológico de Monterrey in Mexico and the national GEM sponsors including UAE University for the UAE. For more information, follow GEM on [Twitter](#).

About United Arab Emirates University (UAEU)

The United Arab Emirates University (UAEU) is a comprehensive, research-intensive university enrolling more than 13,000 students, with more than 900 faculty and more than 65000 alumni, holding key positions in the Government, industry, commerce, and all business areas throughout the region. International students and faculty representing more than 65 countries enrich and enliven the campus and the classrooms and provide stimulating cultural diversity. As the country's flagship university, UAEU offers a full range of internationally accredited high-quality graduate and undergraduate programs through its nine Colleges in almost all major disciplines. Since its inception in 1976, UAEU has evolved from an undergraduate teaching institution to a comprehensive university with much greater emphasis on a research mission. As a research-intensive university, UAEU works with its partners in industry to provide research solutions to challenges facing the nation and the region. Nine research centers of strategic importance to the country and the region are advancing knowledge in critical areas. In addition, the "Science & Innovation Park," through its business incubators, serves as a hub for innovation, entrepreneurship and leadership to foster the transitioning of the UAE economy towards a knowledge economy. With its distinguished faculty, state-of-the art campus, and full range of student support services, UAEU offers a living-learning environment that is unmatched in the region. In summary, UAEU is a mature university with significant accomplishments and a clear trajectory for continuous improvement with a goal to be recognized internationally as one of the world's best universities.

