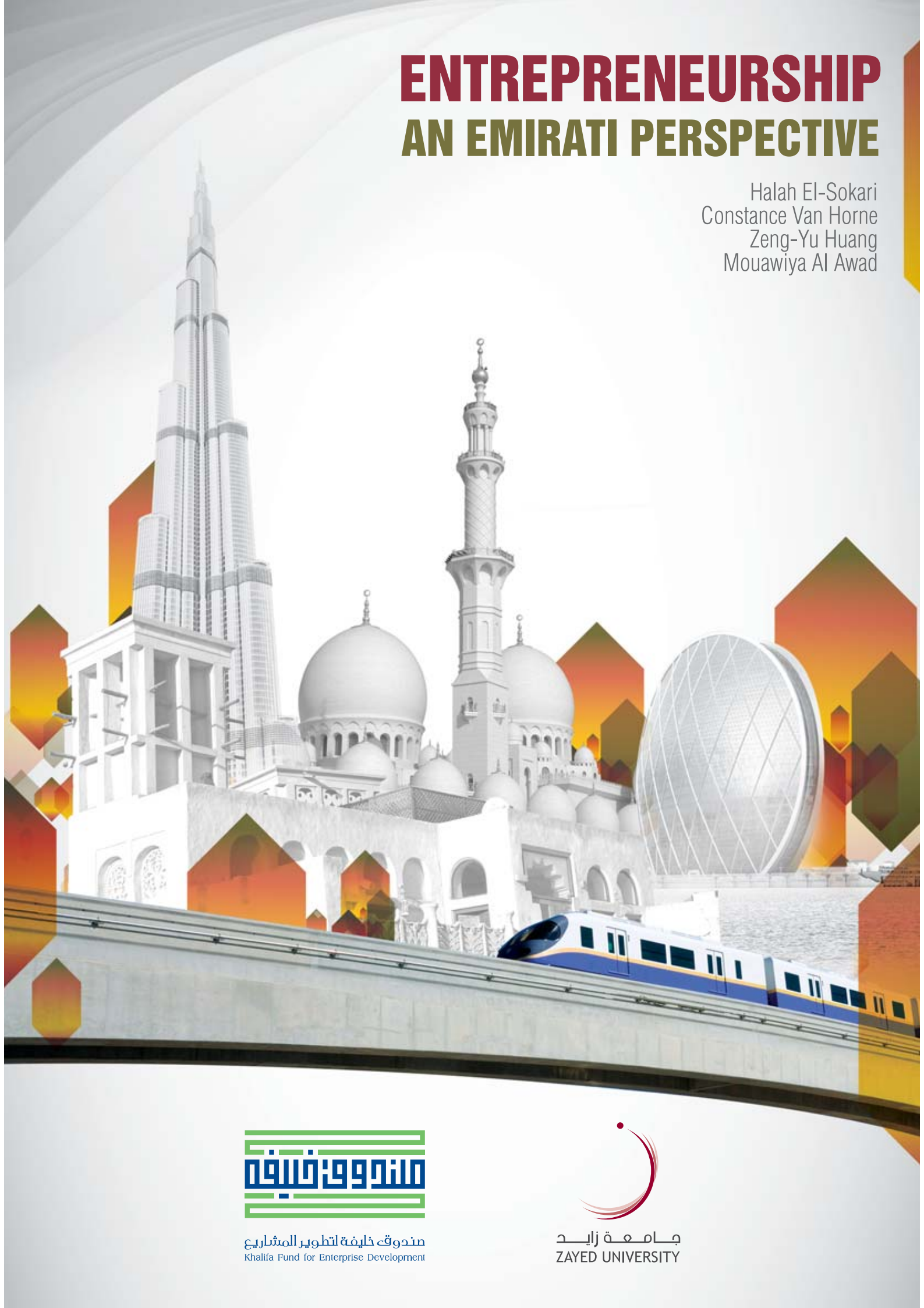


ENTREPRENEURSHIP AN EMIRATI PERSPECTIVE

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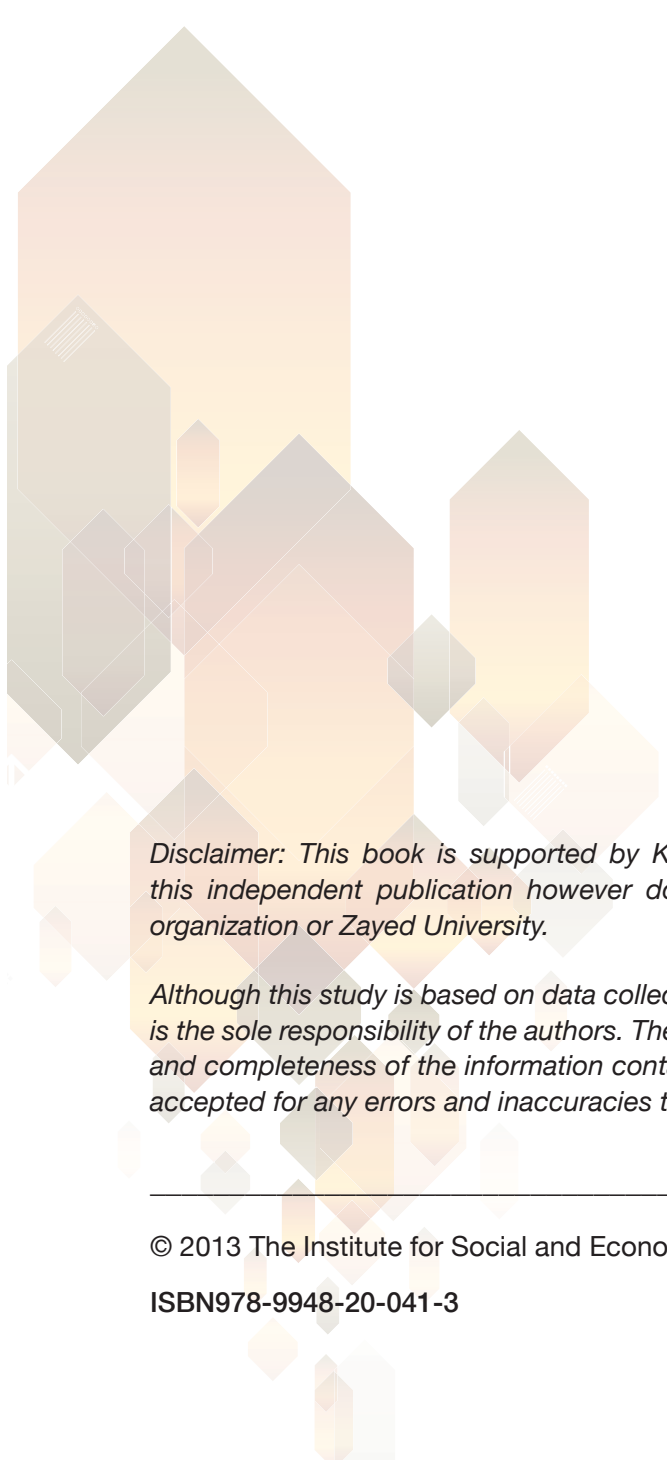


جامعة زايد
ZAYED UNIVERSITY

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Disclaimer: This book is supported by Khalifa Fund for Enterprise Development. The findings of this independent publication however do not necessarily represent the views of the supporting organization or Zayed University.

Although this study is based on data collected by the GEM consortium, its analysis and interpretation is the sole responsibility of the authors. The authors, for their part, have attempted to ensure accuracy and completeness of the information contained in this publication, however, no responsibility can be accepted for any errors and inaccuracies that may occur.

FOREWORD



The Global economy is being changed in profound ways and to keep pace with the accelerated dynamism of such rapid change, the UAE Government recognizes the need for economic diversification, expansion, and competitiveness as well as the importance of fostering entrepreneurship and catalyzing the start-up of new enterprises as key drivers of growth and development. Our commitment is to ensure that small businesses progressively increase their contribution towards the UAE economy in critical areas such as job creation, diversification and access to markets with the active participation of our Emirati citizen population. We also recognize that it is our people that are our country's greatest resource, and when they possess a spirit of entrepreneurship and are exposed to opportunity incentives and a conducive environment, they will not only succeed in potentially enhancing their livelihoods and becoming prosperous, but they will more importantly become active participants in the economic progress of our great nation as we aspire to become a leading knowledge-based economy.

Today, we need to ask how far our Emiratis have developed such a spirit of entrepreneurship. We also need to ask to what extent our SME sector and our people are geared-up to meet the opportunities presented by the accelerated economic growth. Currently, the Government sector is the largest employer of the Emirati citizen population, resulting in a relatively low labor force participation rate in the private sector, particularly in the case of female Emirati nationals. At the same time, the UAE is experiencing a population boom amongst its youth with recent figures estimating that 38% of our nationals are less than 15 years of age. Recognizing these challenges, the UAE Leadership has focused on increasing the labor force participation rate of Emirati nationals and ensuring that the growing youth population is prepared for work outside the government sector, particularly

through policies promoting skills & training development of our nationals and fostering entrepreneurship and innovation. What can be done to enhance entrepreneurial activity particularly among Emirati nationals resulting in increased economic participation and productivity of the UAE's Emirati citizen population?

To seek answers to these questions, Khalifa Fund for Enterprise Development is pleased to introduce this special book in collaboration with Zayed University which primarily focuses on entrepreneurial activity amongst our Emirati Nationals in an effort to better understand the profiling of our Emirati Entrepreneurs and the distinctive issues and challenges that they may face. This book on Entrepreneurship from an Emirati perspective focuses on the Emirati population and builds on GEM Adult Population Survey APS data, which focuses on measuring differences in the level of entrepreneurial activity among countries, uncovering factors leading to entrepreneurial behavior, and suggesting policies that may enhance national levels of entrepreneurial activity. The GEM survey provided the opportunity to survey a representative sample of our Emirati nationals and gain insights directly from our key stakeholder, the Emirati entrepreneur, which in turn enabled a more developed in-depth national analysis of the Emirati citizen population.

This book aims to monitor the distinctive components of entrepreneurial activity amongst Emirati nationals, highlighting the policy, institutional, and structural obstacles that they may face. The publication of this book also may be seen as a vehicle whereby the government, business and individual stakeholders can assess the challenges and issues distinctive to Emirati nationals in relation to entrepreneurial activity.

We commend the authors and contributors of this book for their energy and commitments in producing a valuable resource for policy makers and business leaders engaged in the task of promoting entrepreneurship particularly amongst Emirati nationals. We hope that this book serves as a foundation for further discussion, actions, and the successful implementation of recommendations in the UAE.

Hussain J Al Nowais

Chairman

Khalifa Fund for Enterprise Development



ACKNOWLEDGMENTS

The authors of this book would like to express their gratitude and appreciation to Khalifa Fund for Enterprise Development for their support and contribution and most of all for the importance they place on entrepreneurship.

We would also like to thank all the members of the public who participated in the GEM survey. We are very grateful to them as without their participation, the adult population survey, on which GEM research is primarily based, could not be completed.

We would also like to thank all the entrepreneurs, students, colleagues, and expert informants that were consulted as part of this research for taking the time to share their valuable insights which has enriched our understanding of entrepreneurship in the UAE.

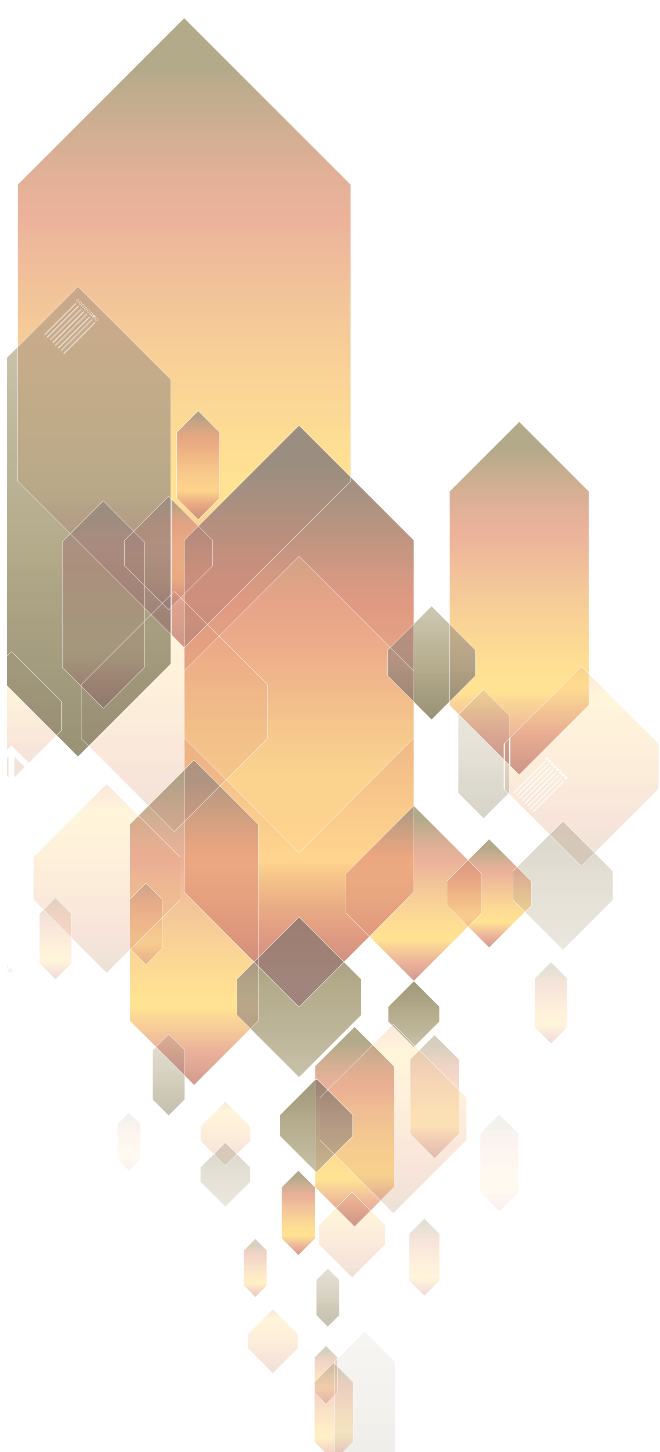




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INTRODUCTION

Shifts in population demographics, technological change, fluctuating market conditions and other dynamic forces have transformed societies around the world as never before, bringing new challenges and opportunities to the forefront. To compete and grow in today's global landscape; the UAE has arrived at a critical juncture of its economic development when future performance of indigenous industry and entrepreneurship will be of central importance to its continued economic and social advancement. We must now become the architects of our own economic future, which means we must focus our energies and resources on growing a cohort of Emirati entrepreneurs and companies with the ambition, leadership and innovation necessary to achieve success at a global scale.

This book “Entrepreneurship: An Emirati Perspective” has been undertaken to provide a comprehensive outlook on the role played by Emiratis involved in entrepreneurial activity across the UAE. This study is uniquely positioned to advance our understanding about entrepreneurship and facilitate decisions and initiatives that promote these endeavors. This book on Emirati Entrepreneurship presents a portrait of the Emirati entrepreneur using a broad array of data on societal attitudes, participation levels of individuals at different stages of the entrepreneurship process and the characteristics of entrepreneurs and their businesses. Against this backdrop, the book outlines the key challenges faced by Emirati entrepreneurs and presents recommendations to accelerate increased entrepreneurial activity as an impetus towards achieving robust global competitiveness in the years ahead.

Building an entrepreneurial nation is not a quick process. A culture of entrepreneurship needs to be inculcated at an early age, throughout the education system, whilst at the same time building awareness and collaboration amongst key stakeholders at large. It is our intention and our aspiration that this book provides insightful data for researchers, knowledge about Emirati entrepreneurship for educators and practitioners, and policy insights to guide policy makers in formulating effective and targeted policies and programs to stimulate and support the efforts of entrepreneurs.



The UAE has made impressive progress in sustaining its economic growth and social development over the past decades. Start-ups and small businesses have become key contributors to the country's economic and employment growth due to their dynamism and their capacity to exploit the local knowledge base. The entrepreneurial potential of individuals however, especially amongst the highly qualified, is far from being exhausted, and further strengthening of entrepreneurship among the Emirati population will be required to nurture talent and develop the next wave of leaders and innovators who will not only create jobs and value for society, but also empower others to create a vibrant future.

Drawing primarily on data collected in the 2011 Global Entrepreneurship Monitor Survey for the UAE, this special study provides interesting insights into the entrepreneurial activities, aspirations and attitudes of Emirati nationals in the UAE. With its particular focus on Emirati entrepreneurs, it recasts GEM's three main objectives:

- To measure differences in entrepreneurial attitudes, activity and aspirations among Emirati nationals
- To uncover factors determining the nature and level of Emirati entrepreneurial activity
- To identify policy implications for enhancing Emirati entrepreneurship in the UAE economy

The Global Entrepreneurship Monitor (GEM) is the largest and the most prestigious research project on early stage entrepreneurial activity, which enables better insight into the prevailing entrepreneurial environment and eco system for entrepreneurship. Since 1998, The Global Entrepreneurship Monitor (GEM) research consortium has been measuring entrepreneurial activities of working age adults around the globe in a comparable way and is today recognized as the world's most authoritative comparative study of entrepreneurial activity.

In 2011, the GEM study conducted surveys in 54 economies in which the UAE was a country participant and benchmarked internationally as an innovative driven economy. The GEM Adult Population Survey (APS) survey is normally conducted among a random representative country sample of at least 2000 adults. However, in the UAE, the norm has been to incorporate an over-sampling of an additional 1000 Emirati nationals to allow for a deeper analysis



of the entrepreneurial landscape specifically amongst the Emirati population. The oversampling is necessary given the unique demographic imbalances that exist within the UAE, where more than 85% of the population are expatriates. The increase in the sample size of the Emirati population allows more focus on the local population as a unique segment group to generate a better understanding of the nature, attributes and challenges that may be distinctly faced by Emirati nationals. Moreover, the survey provides an opportunity to gain insight directly from the voice of the Emirati nationals themselves, to understand Emirati entrepreneurs better, their needs, and make relevant recommendations for change.

The first chapter of this book concentrates on Emirati Entrepreneurial Activity and the role of networks in supporting enterprise development and economic growth. This chapter also discusses the importance and the significance of Emirati intrapreneurs – enterprising individuals who recognize and execute on new business opportunity within organisations as key contributors to entrepreneurial activity. As we recognize that all entrepreneurs are important, the second chapter provides insight into the profile of the Emirati Entrepreneur and the unique characteristics and demographic factors and their contribution to society. Chapter three explores the motivations, attitudes and perceptions of Emiratis towards entrepreneurship as a positive culture in relation to entrepreneurship in a society can make a remarkable difference in the rates of entrepreneurial activity. Chapter four provides details on the aspirations for growth and innovation of Emirati Entrepreneurs as a key determinant to high-growth entrepreneurship which is critical to sustaining competitive growth. In chapter five we explore the importance of unlocking entrepreneurship through education as a key driver of the economy. Finally the report concludes with highlighting key policy implications and a number of recommendations which could guide policy makers in formulating interventions that stimulate entrepreneurship. Any writing about Entrepreneurship would however, be incomplete if it focused only on theory and research. The most important part of entrepreneurship is the individuals who put theory into practice. The book therefore includes a number of stories highlighting the passion, tenacity, and hard work of some of UAE's entrepreneurs and creative initiatives proposed by Emirati local talent.

EMIRATI ENTREPRENEURIAL ACTIVITY

Most emerging economies, including the UAE, are facing rapidly evolving pressures from today's global economy. In the past, traditional assets such as inexpensive land and labour determined an economy's success and failure, whereas today a new category of assets are shaping economic prospects, such as workforce skills, lifestyle amenities, access to capital and information, as well as entrepreneurship and innovative activity. The first step in a progressive path is to measure an economy's assets to understand its competitive capacities, as well as provide a better understanding of the new drivers of economic growth.

Entrepreneurial activity is generally assumed to be a vital driver in strong economic growth through the prevalence of an innovative environment. The relation between long-term employment growth and entrepreneurship is strong. Entrepreneurs do not only create new local jobs, but they also generate new wealth and new growth. In fact, entrepreneurs appear to be a critical mechanism for bringing new ideas and innovations to the marketplace. This clearly suggests a high correlation between entrepreneurship to economic growth. Therefore, understanding the role of entrepreneurship in economic progress is critical to our understanding of the dynamics of our society and its well-being.

Promoting an entrepreneurial culture and supporting small and medium sized enterprise (SME) development is at the heart of the UAE Government Strategy with the aim to become a competitive knowledge-based economy as the Government recognizes that SMEs form the backbone of any developing economy, driving innovation, employment and investment. The UAE is leveraging its current wealth to build a more sustainable and stable economy and has ambitious socio-economic development plans (e.g. UAE 2021, Dubai 2015 and Abu Dhabi 2030) with a strong focus on the SME segment (to expand, diversify, and grow competitiveness of SMEs). Government support is geared towards

creating the proper legislative environment that stimulates and promotes SMEs, and developing and fostering entrepreneurial mindsets. The UAE seeks to create significant opportunities for Emiratis to contribute to the development of a vibrant, knowledge-based economy through new venture creation and growth of small firms into larger, internationally focused organisations.

Measuring the amount and impact of new venture creation and entrepreneurial activities has significant implications for our understanding of the nature and breadth of entrepreneurship in our society. Through the Global Entrepreneurship Monitor (GEM) we have been able to measure entrepreneurial activity within the UAE and to ascertain the relationship between entrepreneurial activities and economic development. GEM research has also extended its analysis into entrepreneurial behavior within existing organizations, otherwise denoted as intrapreneurship or employee entrepreneurship. Both types of entrepreneurship are important for innovation, productivity, and economic growth, which is why it is important to enhance our understanding about entrepreneurial activities within existing organizations.

GEM analyzes the contribution of entrepreneurship to an economy according to its stage of development. In the case of the UAE, it is currently recognized as an innovation-driven economy which is an economy that tends to be characterized by its production of new and unique products and/or services for the global market, driving advances in technology and business methods. Services also play an increasingly important role and contribute significantly to the national GDP.

Entrepreneurial activity in the UAE can best be conceptualized through a series of phases, extending from those with intentions to start a business to those discontinuing their businesses. GEM identifies, among the individuals it surveys, those who are involved in starting and running businesses. These individuals are classified according to the business phase that they currently identify themselves with: nascent entrepreneurs in the process of starting a business, new entrepreneurs running a business less than 3 and a half years old and owners/managers of an established business (more than 3 and a half years old). The first two measures equate to the level of entrepreneurial activity within a country and are often grouped together and referred to as Total Entrepreneurial Activity (TEA). Of course, most attention is concentrated on this phase of early-stage entrepreneurial activity as it is considered the most critical phase for most entrepreneurs, and characterized by increased dynamism, job creation, and innovation in a national economy.



In the UAE, 4.1% of the adult population are new firm entrepreneurs and a further 3.9% are nascent entrepreneurs who are actively trying to start a business. Combining these rates means that 7.8% of the adult population are engaged in some aspect of early stage entrepreneurial activity (TEA) (Table 1) which means that approximately 8 out of every 100 adults in the UAE can be considered early stage entrepreneurs. In the case of entrepreneurial activity among Emiratis, 6% are new firm entrepreneurs and 4.6% are nascent entrepreneurs, which means that the rate of Emirati Entrepreneurial Activity (TEA) at 10.4% is higher than the rate of expatriates or even the average rate for innovation-driven economies. This means that approximately 10 out of every 100 Emiratis can be considered early stage entrepreneurs.

Table 1 outlines the percentage of adults who were involved in start-up and new firm activity as well as established businesses in 2011 including the percentage of Emiratis who self-identified into one of the four main GEM categories of entrepreneurs. We also compare the UAE's results with other innovation-driven economies. Although Emiratis participate to a much higher degree in entrepreneurial activities than do expatriates, the rate of established businesses is still much lower than the average in innovation-driven economies.

Table 1 Entrepreneurship Participation rates 2011

GEM category	Emirati Participation Rate (1408 respondents)	Expat Participation Rate	UAE Participation Rate	Innovation-Driven Economies Participation Rate
Nascent	4.6%	3.3%	3.9%	4.0%
Baby Business	6.0%	2.3%	4.0%	3.0%
TEA	10.4%	5.6%	7.8%	6.9%
Established Businesses	5.0%	2.5%	3.6%	7.2%

GEOGRAPHICAL LOCATION

In our analysis of entrepreneurial activity throughout the UAE, we also focus on the geography of entrepreneurship, examining how the levels and character of the



economic activity of the seven Emirates influence the birth of new establishments and the scale at which they operate. The entrepreneurial participation rates of Emiratis per Emirate are presented in Table 2. The majority of respondents are from the Emirates of Abu Dhabi and Dubai, and while the Total Early Stage Entrepreneurial Activity (TEA) is highest in Ajman, there are relatively similar rates across the seven Emirates. Emiratis living in the Northern Emirates seem to have more positive prospects towards entrepreneurship, as they expect to start-up a new business in the next three years more frequently than in Abu Dhabi and Dubai. The Emirate of Fujairah has the highest percentage of Baby Businesses at 9.4%, but no Emirati entrepreneurs in the nascent phase of operations, whereas Ras Al Khaimah has the highest rate of Established Businesses at 9.1%.

Table 2 Entrepreneurship Participation rate by Emirate 2011

Emirate	Abu Dhabi	Dubai	Sharjah	Al Fujairah	Ras Al Khaimah	Umm Al Quwain	Ajman
% of Respondents	33.4%	32.2%	17.5%	4.5%	6.3%	1.5%	4.6%
Expects to Start-Up	9.4%	7.7%	13.8%	10.9%	11.4%	9.5%	18.5%
TEA	11.1%	10.2%	10.1%	9.4%	9.1%	9.5%	12.3%
Nascent	4.7%	4.2%	5.3%	0.0%	3.4%	9.5%	9.2%
BB	6.6%	6.2%	5.3%	9.4%	5.7%	0.0%	3.1%
EB	5.3%	3.3%	5.7%	3.1%	9.1%	4.8%	7.7%

Realizing both the economic and social impact of entrepreneurship, the UAE has launched a number of government programs aimed at cultivating and nurturing Emirati Entrepreneurs. The **Khalifa Fund for Enterprise Development** (Khalifa Fund) was launched in 2007 to fuel an entrepreneurial culture, drive innovation and sustainable growth of Emirati SMEs and is now recognized as one of the leading government entities that has catalyzed the start-up of over 460 new ventures with an injected capital of over AED 760 million. **Dubai SME**, the agency of the Department of Economic Development mandated to develop the small and medium sector, has succeeded in creating a fertile ground for entrepreneurship to flourish and has assisted a number of Emirati entrepreneurs

to realize their dreams. In Ras Al Khaimah, the **Sheikh Saud Bin Saqr Program for Youth** projects was also established with the aim to promote and support the growth and development of Emirati youth projects. **Ruwad Establishment** was also established with the aim to provide both financial and non-financial support and assistance to encourage the growth of SMEs in Sharjah. The **Estishara Scheme** was introduced by the Western Region Development Council in collaboration with specialists from both the Government and the private sector to offer their services to support the core objectives of the Al Gharbia 2030 Development Plan which includes increasing entrepreneurial activity.

START-UP AND NEW FIRM ENTREPRENEURS

GEM assesses the level of start-ups or prevalence rate within a country by measuring total entrepreneurial activity. However, GEM distinguishes between two stages of entrepreneurial activity: start-ups and new firms. Start-ups by nascent entrepreneurs refer to those actively involved in a start-up business with no wages paid for more than 3 months. Whereas, new firm entrepreneurs have owned, or have partly owned and managed a new business or baby business that has been in operation between 4 and 42 months with no salaries for longer than this time. As the majority of new businesses typically do not survive for a very long time, having high rates in both categories is very desirable. In Table 3 we see that there is an overall decline in early stage entrepreneurial activity in 2011, with the sharpest decline amongst Emirati entrepreneurs. While the data from 2009 can be considered a reflection of the buoyant economy particularly in Dubai, the drop in activity could be regarded as a consequence of the well-publicized failure of many new ventures in 2009 and 2010 within the region and the general economic downturn of the global economy.

Table 3 Owns and manages a business up to 42 months old

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	UAE Average
2006	1.7%	3.6%	1.2%	3.2%	2.2%
2007	4.7%	7.1%	2.0%	1.3%	4.1%
2009	12.0%	9.7%	4.0%	6.6%	7.4%
2011	4.0%	5.2%	0.7%	0.0%	2.6%

In the entrepreneurship process, the stage following opportunity recognition is when individuals express their intention of starting a new business otherwise referred to as entrepreneurial intentions followed by the launch of a new business. These entrepreneurs are referred to in GEM as nascent entrepreneurs. After four months of operation, the entrepreneurs proceed to the next phase – new business or “baby” business. Both above-mentioned phases are included in GEM indicators as total early-stage entrepreneurial activity (TEA). The TEA rate, which refers to the combined total of nascent and new firm entrepreneurs, is the most often cited figure of GEM data in the media and it is the most reliable indicator into investigating a country’s levels of entrepreneurial activities.

In Table 3 we also see that the UAE average for owning/managing a baby business is 2.6% which is much lower than the Emirati population average at 4 %. However, when compared with the TEA rates (Table 4), the figure for Emiratis at 9% is significantly lower than the rate of Arab expatriates at 12.8%, but highest among all other nationality clusters in the UAE.

Table 4 TEA Rates among different nationality clusters in the UAE¹

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	Average
2006	2.7%	6.9%	1.7%	3.2%	3.7%
2007	8.9%	13.6%	4.7%	5.1%	8.4%
2009	18.6%	20.1%	6.6%	6.6%	13.3%
2011	9.0%	12.8%	1.3%	0.0%	6.2%

INTRAPRENEURSHIP

Establishing an enterprise is not the only form of entrepreneurship within the context of the GEM study – another important type of entrepreneurial activity which is recognised and measured by the GEM survey is employee entrepreneurship – or intrapreneurship. There is often a distinction between independent (early-

¹ Some inconsistencies in numbers may be observed here comparing to Table 1 above because of the use of an oversampling data as a supplement to the Emirati data that was used for the general Adult Population Survey (APS). The oversampling was collected to have a better reading of the local Emirati population.



stage) entrepreneurial employee activity, and employee entrepreneurship or intrapreneurship. In many ways, entrepreneurial activity of employees share many of the same behavioural characteristics as individual entrepreneurs, such as being prone to taking initiative, pursuing opportunities and being innovative. This section provides some insight into this form of entrepreneurship.

Intrapreneurship has been used around the world by major public and private companies for several decades and the concept has now become increasingly more popular as larger companies today try to find ways to maintain their competitive edge particularly in this difficult economy. The concept of intrapreneurship is similar to entrepreneurship except that it focuses on ways that organizations can act entrepreneurially from within their existing established structures by encouraging employees to develop their own ideas, innovations, and techniques into solid plans of action that benefit the companies they work for. In this age of technological advancement and intense global competition even mature firms need to be innovative and agile, which is why intrapreneurship becomes increasingly important as intrapreneurs can serve as catalysts in change and economic progression.

Intensity of employee entrepreneurship often increases with economic development as organizations that are in the process of increased competitiveness search for new and innovative ways to compete and incline to intrapreneurship, enabling innovative and creative employees to use business opportunities in their existing structures. Intrapreneurship can serve as a vital element of economic and organizational growth, success and competitiveness and can be considered as a unique competitive advantage. Many of the largest corporations have reaped the benefits and rewards of intrapreneurship within their existing structures as innovations by their entrepreneurial employees have not only added to their revenue streams but they have been pivotal in increasing motivation and a sense of empowerment among entrepreneurial employees.

As economies and existing companies mature, organic growth occurring within organisations is often spearheaded by current employees with new ideas and project initiatives. These ideas can be developed within the existing structure of the organisation, or can mean opening a new division or even company within an existing firm. One of the most popular international examples of intrapreneurship is the Nespresso coffee system which was spearheaded by a Nestle employee and has now become a recognized worldwide brand with sales totalling over USD 17 billion. In fact, the Ford Mustang, 3M's Post-It

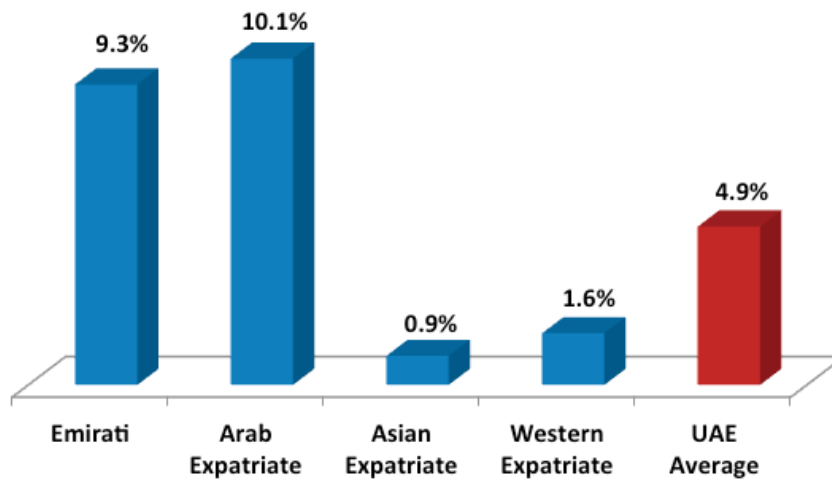


notes, IBM's personal computer and Kenner Toys' "Star Wars line" were all ideas created by entrepreneurial employees.

Intrapreneurship is common in technology and networking companies such as Google. In companies like Google, they invest a great deal of time and money to capitalize on their most important resource which is their staff members, by encouraging innovation and creativity. Google has set up a formal process to encourage internal entrepreneurship by implementing the concept of Innovation Time Off to encourage creativity and innovation among its employees. About 20% of a Google employee's time is dedicated to be spent on company-related work that is of personal interest which has resulted in half of Google's new-product launches (e.g. Gmail, AdSense, Google News). At 3M, which is considered one of the most innovative companies in the world, employees are allowed to spend up to 15% of their time working on ideas that they think might benefit the company. In case the idea is proven to be viable, the company officially funds it, through a program called the Genesis Grant, which offers researchers up to \$85,000 to carry out their projects past the idea stage. One of the most effective ways to encourage internal innovation is to give individuals or teams enough time away from their day jobs to work on creative projects. Moreover, intrapreneurs can thrive and succeed when management/leadership empower and support them in nurturing their innovative and creative skills.

According to the GEM 2011 Country Report, entrepreneurial employee activity or intrapreneurship is defined as "employees developing new activities for their main employer, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary." As shown in Figure 1, in the UAE 9.3% of Emiratis are currently involved in Employee Entrepreneurial Activity (EEA). When compared with the 21 innovation driven economies (excluding Norway which did not ask this question) the UAE as a whole ranked as the second to the last ahead of Taiwan at 3.9%. When only the Emirati population is considered it would be ranked 7th, behind the top placed country which is Sweden, where 13.5% of the working population participate in entrepreneurial employee activity. This would indicate that Emiratis are much more active in intrapreneurial behaviour than the majority of expatriate co-workers.

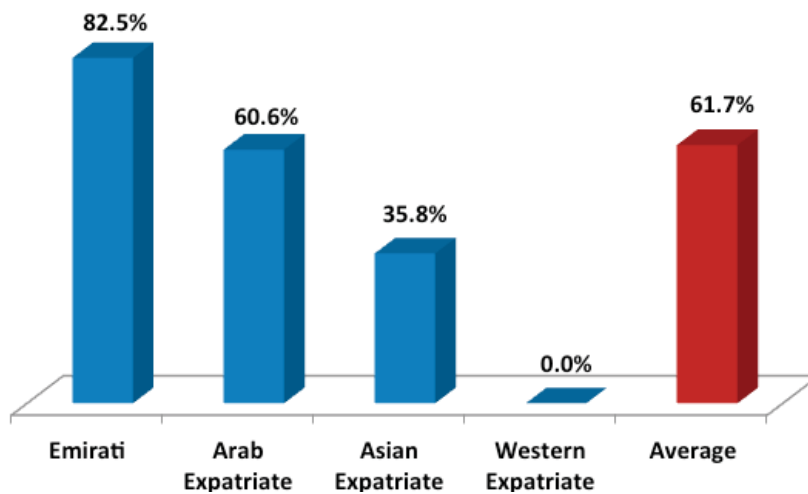
Figure 1 Active and leading as an entrepreneur in last three years



Entrepreneurship has the same underlying dimensions when applied in the non-profit and public sector context. However, innovativeness may tend to be more concentrated in novel methods or processes, new services, and new organizational forms. Considering the significant number of entrepreneurs who have a full-time job in the public sector (in the UAE public sector salaries are often much higher than private-sector ones, so Emiratis account for less than 4% of the private-sector but represent 54% of employees in the Government sector), there are ways in which entrepreneurial employees within the UAE public sector can be encouraged and supported to develop breakthrough ideas on the job.

Figures 2 and 3 shed light upon the rate of employment in addition to starting a new venture among various nationality clusters in the UAE. Over four in five Emirati entrepreneurs are employed while they start-up their new venture. Just over eight in ten Emirati entrepreneurs are also employed in full-time employment in addition to their SME activities. As we know that the majority of the Emirati workforce is employed by the different levels of government, this would indicate that a large percentage of Emirati entrepreneurs are in fact government employees as well. Experienced government workers, with strong and established networks, would make an ideal pool of potential high-impact entrepreneurs who could contribute to the diversification of the economy and the expansion of the role of the private sector in the UAE economy. Research in the entrepreneurship field has found that start-ups which become dominant players often have strong early-stage relationships with established organisations – fitting the profile of many mid-level to senior-level government employees. However, high-growth and high-impact enterprise formation and development require more than full-time commitment, which would seem to be difficult if the entrepreneur, were also employed full-time.

Figure 2 Employment in addition to starting up new business by Nationality



There are key challenges that can deter Emirati intrapreneurs from pursuing their entrepreneurial journey including the lack of a conducive environment for innovation to flourish, lack of resources to incentivize innovation, lack of training and support for innovative employees, low rewards for success coupled with high costs of failure and performance evaluation based solely on job descriptions. One of the key challenges is that the security and generous benefits afforded to Emiratis working in the public sector are difficult to give up for the insecurities and risks commonly associated with the entrepreneurial process. Another challenge is an overreliance on short-term, external consultants to work on new projects by government organisations which was often cited as a reason that Emirati government employees were unable to participate in intrapreneurial activities. As well, the lack of skills required to develop and build project proposals was given as a major impediment to the inability of many Emirati government workers to suggest and spearhead their ideas for improvements and new projects.

Intrapreneurship is important for government organizations and established private sector firms, as it indicates a dynamic, committed and skilled workforce. Given that the majority of Emiratis work in the public sector, increased efforts should be made to motivate and cultivate a culture of intrapreneurship and innovation as entrepreneurial activities among employees may be one important step towards independent entrepreneurship. Emiratis work experience in the public sector can serve as a breeding ground for entrepreneurs to flourish if provided more conducive innovative environments where innovation is encouraged and incentivized. One consideration is to develop a program for Emirati government employees to take an entrepreneurship leave, similar to



an education leave, to reduce the high level of risk associated with leaving a secure and well-paid government job to start a new venture. This type of sabbatical program can also be applied by the private sector as a way to incentivize and recognize innovation and entrepreneurial pursuits.

ENTREPRENEURSHIP LEAVE FRAMEWORK

As the UAE aims to build a diversified knowledge economy, it logically follows that an entirely new approach to attract and immerse Emiratis within an entrepreneurship ecosystem is needed. The Entrepreneurship Leave Framework is an initiative which can build on the existing framework of study leave available in the government sector and adapts it to an entrepreneurial context. Whereas, the study leave is a program that allows Emirati employees to pursue their studies and receive a monthly allowance and full coverage of tuition fees, the Entrepreneurship Leave Framework could provide government employees a paid leave during which they receive funds and administrative support to set up a new venture.

Government employees are ideal candidates that can benefit from such an initiative as they are seen to have more hands on experience, more robust networks and relevant education when compared to fresh graduates and the unemployed.

The first three phases of the initiative begins as a yearly competition for the best ideas in the organization. The second phase would involve active development of a business plan, with the employee allocated time during working hours to complete it. The third phase, once and if the business plan has been approved for funding and leave, would be the monitoring and support of the venture. Additionally, space and administrative support could be provided to the chosen candidate.

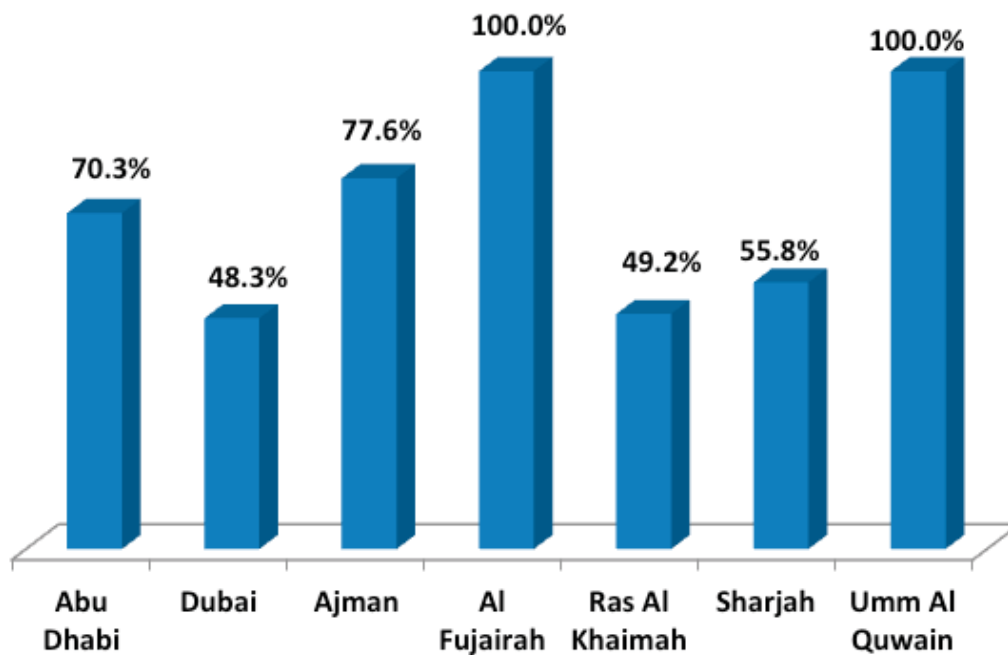
The competitive nature of such an initiative can create a level of excitement about entrepreneurship and can encourage many government employees to begin developing their ideas. This type of support can alleviate some of the risk-averse challenges that can often be associated with starting a new enterprise.

Contributor: Safia Al Mansoori



Emirate level data as illustrated in Figure 3 shows high levels of Employee Entrepreneurial Activity taking place in the Northern Emirates at 100% with lower rates in Dubai and Ras Al Khaimah at 48.3% and 49.2% respectively. The findings clearly suggest that there is a high presence of intrapreneurial behaviour in government agencies in the UAE, particularly among Emirati citizens within the Northern Emirates and Abu Dhabi. It would be interesting for future research to study under which circumstances entrepreneurial employees decide to become independent entrepreneurs. For policy makers, these results may signal that a comprehensive entrepreneurship concept should acknowledge the entrepreneurial efforts by both independent entrepreneurs and entrepreneurial employees.

Figure 3 Employment in addition to starting up new venture by Emirate



SOCIAL ENTREPRENEURSHIP

Another emerging form of entrepreneurial activity is Social Entrepreneurship, which is quickly becoming one of the most powerful business models of the 21st century. Social entrepreneurship combines unique social aims with an entrepreneurial approach, which involves the process of identifying or recognizing a social problem and using entrepreneurial principles to organize, create, and manage a social venture, to achieve a desired social change. Social entrepreneurs are usually described as being passionate and ambitious individuals who build or transform a business to provide innovative solutions to tackle major social issues with the ultimate goal of creating social value which can in turn result in economic value.

As entrepreneurs are seen as changing the face of business, social entrepreneurs are viewed as the change agents of society, who combine business principles in innovative ways to implement a social benefit-focused organization to achieve increased societal impact. This type of entrepreneurship can take the form of for-profit, non-profit, or government programs. One of the most famous examples of social entrepreneurship is the Grameen Bank of Muhammad Yunus. A few decades ago the bank started to provide micro-loans for the poor in rural Bangladesh which revolutionised their access to loans and their ability to improve their living conditions. Today the original idea has not only been copied by established banks but the Grameen Bank has become an international model for “microcredit” as a strategy for poverty alleviation.

In the UAE, an example of a government backed social enterprise initiative is Sougha, the name in the local dialect meaning the gifts that a traveler brings back to his/her family after returning home. This social initiative was launched by the Khalifa Fund for Enterprise Development with the aim to create socio-economic opportunities for Emirati artisans and preserve the Emirati heritage by providing the needed support to achieve social good. Sougha proactively seeks local Emirati artisans, which tend to be female, improves their technical and entrepreneurial skills, and links them to market opportunities to showcase and sell their Emirati handmade products. Since the initiative’s inception in January 2011, Sougha has partnered with a number of private and public institutions to achieve increased social impact resulting in sales of over \$1 million, providing monthly income to over 148 home-based Emirati artisans residing in 9 towns throughout the UAE, and today it is considered as the best source of Emirati handmade products.

Sougha demonstrates a social enterprise model that has achieved major social change in impacting the lives of Emirati artisans which has thus contributed to social cohesion, employment, and betterment of livelihoods for the nation’s most valuable citizens in addition to reviving the heritage of the nation. The social impacts of the Sougha program include:

- **Artisan’s increase in self-confidence:** Artisan’s perception of themselves from being a government welfare recipient to an innovative self-employed advocates of heritage and societal contributor preserving the country’s heritage;
- **Financial Inclusion:** Most artisans never perceived themselves as decision makers of their lives’ economic welfare, and today they are not only bankable, but they are able to invest their income to develop new products and grow their business;

- **Revival of Emirati Heritage:** Previously, there was a market absence of the Emirati heritage patterns and now not only are Emirati crafts and art better defined but they have become commercially marketable and saleable in an expansive marketplace.

The Sougha product line includes **Sadou**, Emirati hand-woven textile mills by over 70 Emirati artisans in the Western Region; **Khouss**, Emirati hand-woven palm leave items by over 30 Emirati artisans in the areas of Liwa, Mirfa, Ras Al Khaimah, Fujairah and Madinat Zayed; **Talli**, an Emirati traditional silver braid used to decorate women's clothing items made in Al Ain and Wathba. New products are currently being developed, including Emirati home scented candles and incense as well as camel leather products and a jewellery line by new Emirati artisan groups in Delma, KhorFakkan, Sharjah and Ajman. The products are available through a number of retail partners throughout the UAE. (www.sougha.ae)

With the realization that productive entrepreneurship can serve as a tool to create jobs, welfare and social inclusion, Khalifa Fund has also introduced a number of additional social programs to expand outreach to all segment groups of society including the disadvantaged, and provide them with the opportunity to actively participate both economically and socially in society. The intent of these social programs is to foster more productive entrepreneurial outcomes in promoting sustainable economic development, poverty alleviation and inclusive growth. The **Khutwa** program is a microfinance program that offers flexible loans of up to AED 250,000 to start up small enterprises as a way to create and grow income streams targeted at specific societal groups. The **Al Radda** program was also launched by Khalifa Fund in collaboration with the Abu Dhabi Police to provide select inmates with an opportunity to enter the business sector and reintegrate into society after serving their sentences. In collaboration with the National Rehabilitation Center, the **Ishraq** program was introduced to provide recovered drug addicts with an opportunity to enter the business sector and reintegrate into society. In addition, the **Amal** initiative was set up with the aim to familiarize Emiratis with special needs with entrepreneurial skills. The social programs introduced by Khalifa Fund demonstrate how government can play an active and enabling role in supporting socio-economic development and how its contribution can build greater social inclusion and cohesion by increasing well-being and prosperity.

Social enterprises can be great and innovative solutions to creating employment, economic growth and innovation. Today there are a number of examples of local social enterprises that are now emerging in the UAE such as Balthazar Capital,



a microfinance firm based in Dubai which aims to reduce poverty in the Arab World by bringing social capital to the region and by supporting the responsible growth of the microfinance infrastructure. Impact investors, the financial backers behind social enterprises, in the region include the Acumen Fund, Willow Tree Impact Investors, Ashoka, Skoll Foundation, Synergos, the Schwab Foundation for Social Entrepreneurship and Gray Ghost Ventures. Additionally, a number of organizations have also emerged to provide support to social enterprises, in the form of community, consulting services, educational programs and funding. Some of these support service providers include: Infive, C3, Baraka Ventures and Dubai + Acumen.

With one word names Make (Make Business Hub), the Pavilion and the Shelter, these social enterprise incubators have become a new trend in offering flexible and free workspace, networking and office space for new ventures, freelancers and micro-entrepreneurs. Shelter which is sponsored by du and run by Ahmed and Rashid Bin Shabib, the same duo of Emirati entrepreneurs who run Brown Book magazine, holds workshops of interest and networking events for entrepreneurs and like-minded individuals in a nurturing environment within a functional space. In addition they rent their space in the evenings – often to their art gallery neighbors as they are located in the emerging Art Hub in Dubai.

Like mainstream entrepreneurship, promoting a social enterprise culture has to underpin the promotion of social enterprise and social entrepreneurship. The impact of social entrepreneurship on economic growth and development should not be underestimated. In partnership with government, social entrepreneurs can play a pivotal role in generating and implementing transformative, cost-effective solutions to society's most challenging problems. To further unleash the potential of social entrepreneurship, a holistic view is required to truly drive a culture of catalyzing the role of such change-makers in achieving economic development in a truly sustainable way.

ESTABLISHED BUSINESS OWNERS/MANAGERS

The final and perhaps most enduring phase of the entrepreneurial process is the success, or continued existence of the new venture and could even mean the exit of the entrepreneur through the sale of the firm to another. It is this phase that usually represents stable job creation and accumulated experience on the part of the entrepreneur which could lead to growth and expansion. According to the GEM methodology, the rate of established entrepreneurs refers to those who have owned and managed an enterprise for more than 42



months and who have paid wages or salaries for over 42 months as well. Table 5 illustrates the low rates of established businesses amongst all nationality groups across the UAE. In innovation driven economies the average percentage is 7.2%. The low rate of established business ownership in the UAE can be seen as a negative indicator for firm survival which is highly relevant to creating sustainable employment and economic well-being.

Table 5 Manages and owns business over 42 months

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	GCC National	Total
2006	1.0%	2.3%	0.7%	0.0%	5.4%	1.4%
2007	3.2%	2.6%	4.6%	0.0%	0.0%	3.4%
2009	9.5%	5.4%	4.5%	8.1%	6.9%	5.7%
2011	3.0%	5.5%	1.0%	0.0%	0.0%	2.7%

Of course, it is widely recognized that small businesses tend to have lower survival rates and more volatile revenues than larger firms. According to research conducted by the U.S. Small Business Administration, two-thirds of small businesses survive into the third year, and 44 percent survive into the fifth year. This means that over half of all small businesses fail before the end of the fifth year. According to Dun & Bradstreet, businesses with fewer than 20 employees have only a 37% chance of surviving over four years and only a 9% chance of surviving 10 years. Dun & Bradstreet also found that 90 percent of business failures were due to the owner's lack of skills and/or knowledge. The old adage, "People don't plan to fail, they fail to plan" certainly holds true when it comes to small business success. However, there are a number of interventions that both the government and the private sector can action to help businesses survive which in turn can contribute to increased stability and economic sustainability.

The Emirati established business rate is very close to the average of the total adult population of the UAE, even though the expatriate population is transient and short-term in nature. Given that Emiratis are the only permanent residents in the country we would expect the rate of Emiratis owning established businesses to be higher. This would seem to indicate that added support is required to nurture these businesses, beyond the start-up phase of operations and to assist these entrepreneurs to scale up their operations to become

more sustainable into the future. It may also be important to differentiate between the needs of new entrepreneurial firms and other SMEs, since not all entrepreneurial firms stay small. Both high-innovative and low-innovative new firms have the potential of becoming high-growth firms; but it is relatively more common that a high-innovative new firm becomes a high-growth firm.

Again, a key to competitive advantage is to offer goods and services which are unique to your customers, or in other words can be deemed innovative. Table 6 presents the opinions of Emirati entrepreneurs on their customers' perceptions of their products and services. More than two in three Emiratis who own businesses over 42 months old consider that none of their customers view their products and/or services as innovative. This is nearly 9% higher than the UAE average and could indicate that once a business venture is started, Emirati entrepreneurs expend less effort on continuous improvement of products and services and maintaining a competitive advantage.

To promote innovation and the development of innovative products and services SMEs need to be encouraged to engage in research and development (R&D) activities. This could be as simple as customer surveys or visiting local and international trade shows to have more exposure to new ideas, products and services which could be introduced to their customers. With the increased globalization of markets and international competition, SMEs will need to search for new, innovative, flexible and imaginative ways to survive. SMEs will not only need to innovate in the conceptualization of a new product or service but they will need to successfully bring new products or services to the market and continuously improve the way they conduct business.

**Table 6 Product innovativeness defined by customer perception
(opinions of Emirati entrepreneurs)**

Year	All	Some	None
2006	38.4%	26.1%	35.5%
2007	41.4%	51.6%	7.0%
2009	26.1%	33.0%	40.9%
2011	21.8%	12.0%	66.2%
TAP	20.5%	21.9%	57.6%

The rate at which businesses grow is a significant factor to economic activity within a country as their growth and sustainability can greatly contribute to greater job creation and economic wellbeing. Growth and sustainable success of high-performing firms can be achieved through adopting innovative strategies to execute against key growth drivers to gain a competitive advantage. To be competitive in the global marketplace, businesses need to be driving more innovation in their products and services and business practices. They need to innovate rapidly, cost-effectively, and leverage technology including social media as a key enabler of innovation as it is critically important to driving growth. For policy makers, supporting high-performing firms is important to job and wealth creation and global competitiveness. Government support can come in the form of creating the right framework conditions, improving access to growth finance (i.e. venture capital), improving internationalisation opportunities, and the provision of high-growth coaching and expertise.

EXITING ENTREPRENEURS

Focus is often given to data on entrepreneurs starting businesses, however we must also consider the rate of discontinued businesses. This is considered as a sign of the entrepreneurial dynamism in an economy. The UAE as a whole has a relatively high rate of discontinuation of business amongst innovation-driven economies at 2.2%, but the percentage is even higher among Emiratis at 4.5%, possibly indicating a propensity to terminate viable business experiments. Discontinuing a business is not necessarily a negative action on the part of an entrepreneur – it can indicate sale of the business, market forces, starting a new venture or personal reasons. Table 7 provides the breakdown by nationality of entrepreneurs who discontinued operations in the past year. Table 8 provides the reasons which Emiratis indicated as to why they discontinued their ventures.

Most troublesome in the reasons to discontinue their business is that Emiratis expressed a difficulty in raising financing. Nearly one in five Emiratis who ended operations due to difficulty in raising financing and two in five ended operations because they were not profitable. As many businesses are not profitable in the first years of operations, this high figure could also indicate a lack of access to the necessary financial capital needed to survive and grow. Perhaps as well this indicates a need for further training and education on entrepreneurial skills including the financial and management aspects of running a small business and planning for the future.

Despite the integral role of SMEs in the UAEs economy, SMEs continue to face difficulties securing financing for their growth and innovations at sustainable



rates, as financing SMEs is often considered a risky proposition for financiers. Currently investment in SMEs in the MENA region is a tiny fraction of what is actually required and banks are not lending. SMEs in the region have had difficulty in accessing finance for a long time due to imperfections in the financial markets and a lack of critical primary and secondary financial markets such as those for SME equity financing. The formal banking sector remains the dominant source of credit for local businesses in the region and unfortunately the economic crisis increased risk aversion and decreased liquidity which means that SMEs continue to struggle to secure long-term bank loans, working capital and bridge financing.

Financial markets for SMEs are far from perfect, which impels governments around the world to address what they see as a ‘funding gap’. In the case of the UAE, the government has responded by allocating resources through organizations such as Khalifa Fund and Dubai SME to support Emirati owned SMEs in the form of loan programs and government-backed loan guarantees to address these gaps in the market. What is truly needed however is a form of finance that matches the risk and rewards of investing in an SME such as equity financing. The advantage is the equity investor has a vested interest in converting the company into a more viable, investable and, in due course, bankable or sellable enterprise. This type of financing is the ideal change agent for the region’s SMEs. Its capital is put to work creating economic growth and job creation and its managers’ focus is on bringing about positive changes in governance, putting in place systems and controls that will make the company investible, bankable and sellable. Moreover, as an alternative to bank lending, there are innovative financing solutions that are emerging in the form of microfinance and crowd funding which can also help build more complete financing markets for SMEs.

Table 7 Discontinued businesses in the past 12 months

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	UAE Average
2006	9.5%	5.4%	2.5%	3.2%	4.7%
2007	8.6%	6.3%	1.8%	2.0%	4.7%
2009	7.5%	5.9%	0.7%	3.0%	3.7%
2011	4.5%	3.5%	0.7%	0.0%	2.2%



Table 8: Five-year comparison of reasons for discontinuing business for Emiratis in the past 12 months

Year	Opportunity to sell	Non profitable	Problems raising finance	Another job /business opportunity	Exit planned in advance	Retirement	Personal reasons	Incident	Other
2006	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2007	1.1%	22.6%	5.2%	13.1%	23.9%	5.3%	26.8%	2.0%	0.0%
2009	9.6%	18.9%	32.9%	18.1%	1.8%	0.0%	14.8%	3.9%	0.0%
2011	7.1%	32.3%	7.4%	5.3%	7.9%	3.3%	35.8%	0.9%	0.0%

Table 9 provides the gender differences between male and female Emiratis with regards to the reason for discontinuing a business. The high percentage of women citing personal reasons could be due to familial commitments or reasons due to a cultural nature. As female entrepreneurship is increasingly becoming an important contributor to economic growth, it is highly advisable to conduct further studies to examine the reasons to lower participation rates, intentions, and the reasons related to business discontinuance amongst the Emirati female population.

Table 9 Reasons Emiratis provide for discontinuing business by gender

Gender	Opportunity to sell	Business not profitable	Problems getting finance	Another job / business opportunity	Exit planned in advance	Exit planned in advance	Personal reasons	Incident
Male	11.5%	50.7%	10.9%	6.0%	3.0%	6.0%	12.4%	1.5%
Female	4.8%	14.3%	0.0%	4.8%	9.5%	0.0%	66.7%	0.0%

Throughout each stage of the entrepreneurial process, it is evident that there is a great need for enhanced support for a more conducive entrepreneurial eco-system and increased effort in fostering an entrepreneurial culture among Emiratis. However, it is important to point out that at the heart of the entrepreneurial process is the Entrepreneur him or herself as evidenced by the data presented in the first section of this book. These individuals primarily need support in the development of skills and education to support them throughout the entrepreneurial process – from idea to growing and succeeding a new venture. This support is often sought from family and friends, but can also be sought from professionals. The next sub-section reviews the groups to whom Emirati entrepreneurs seek advice.

ROLE OF NETWORKS

Entrepreneurs are part of larger networks made up of social and professional actors who provide resources and support which entrepreneurs capitalize on to achieve their goals. Networks are the relationships that each entrepreneur as an individual is involved in that provides resources – in our case knowledge, information, and advice. In 2011 Emirati Entrepreneurs were asked the following question, “During the last year, have you received advice from any of the following?”, in this way the network around an entrepreneur is measured by asking whether the entrepreneur received advice from spouse, parents, other family or relatives, friends, boss, work colleagues, boss, one starting a business, an experienced business-mentor, researcher or inventor, a potential investor, bank, lawyer, an accountant, public advisor for business, collaborating firms, supplier, competitor firm, customer, someone in another country and one who has come from abroad. GEM data defines the composition of the networks surrounding entrepreneurs to include the 20 different advisors, which have been regrouped into five separate categories: private, work, professional, market and international (Table 10).

When the Emirati population of entrepreneurs is compared with the total adult population the results are similar, the family and friend network is by far the most used source of advice and the professional network is the least. There are differences however, for example, Emiratis consult their spouses far less than other nationalities living in the UAE and tend to consult other family members more often. There is also a general negligence in using the Market Network as an advisory source, which is alarming as the market is often the source of innovative ideas and a way to compare oneself with the competition. There is little understanding as to the cause of this, however recent research in the

MENA context suggest that the reliance on formal ties and close acquaintances for new venture ideas and source assembly is a well-documented behaviour among high-context cultures such as the UAE (i.e. Huang et al., 2013).

These findings show how most Emirati Entrepreneurs regard and evaluate the abilities of the Professional and Market network which may signal a need for re-thinking and re-organizing both private and public advisory services in order to offer better solutions. The banks should develop a new approach for dealing with young business as future clients and promoting higher accessibility and supportive procedures. Professionals and Advisors from the Market network that support business development for Entrepreneurs and/or SMEs may need to re-evaluate their existing approaches in servicing entrepreneurs and create increased awareness and relevance in what they offer.

For entrepreneurs, networking can play an important role in supporting them on their entrepreneurial journey. Networks can provide entrepreneurs with the opportunity to interact with like-minded people, gain access to information from a wide variety of sources, to test out their existing ideas, to get referred to appropriate expertise, to gain moral support, and potential market expansion. In recent years, there have been a number of networks that have been established to cater to local entrepreneurs in starting and growing their ventures. In 2009, **Tamakkan** was started by Sana Bagersh, the CEO of BrandMoxie, as a corporate social responsibility initiative to promote entrepreneurship and provide established entrepreneurs with the knowledge and connections needed to scale up their enterprises as well as promote intrapreneurial projects within public organizations. Amal Al Agroobi saw a need for local entrepreneurs to showcase their products and services to the UAE and to the world at large, which led her to establish a virtual networking platform, **iloveuae**, to promote and linkage Emirati talent and give them opportunities to grow. Such local networks are useful ways for start-ups to build business and increase their profile as well as benefit by getting business referrals and potentially helpful advice.



Table 10 Advisory Network

Category	Emirati	Total Adult Population
Family & Friends Network	62.4%	65.50%
Have you received advice from your spouse?	15.4%	53.5%
Have you received advice from your parents?	74.7%	64.0%
Have you received advice from other family or relatives?	76.7%	62.5%
Have you received advice from friends?	82.8%	82.2%
Professional Network	49.6%	52.0%
Have you received advice from current work colleagues?	47.2%	55.0%
Have you received advice from a current boss?	21.1%	30.8%
Have you received advice from somebody who is starting a business?	51.1%	50.7%
Have you received advice from somebody with much business experience?	79.1%	71.3%
Transnational Network	41.3%	44.2%
Have you received advice from somebody in another country?	51.0%	50.2%
Have you received advice from somebody who has come from abroad?	31.5%	38.2%
Advisory Network	22.0%	28.0%
Have you received advice from a researcher or inventor?	18.1%	17.5%
Have you received advice from a possible investor?	46.7%	45.2%
Have you received advice from a bank?	10.0%	20.8%
Have you received advice from a lawyer?	10.3%	24.6%
Have you received advice from an accountant?	31.6%	38.7%
Have you received advice from a public advising service for business?	15.2%	21.0%
Market Network	34.9%	42.9%
Have you received advice from a firm that you collaborate with?	35.9%	50.3%
Have you received advice from a firm that you compete with?	18.3%	25.8%
Have you received advice from a supplier?	29.2%	36.5%
Have you received advice from a customer?	56.0%	59.0%



An entrepreneur works in a social environment comprising of relations with others from whom the entrepreneur seeks resources (such as knowledge in the form of advice from others). This networking for knowledge is important for the entrepreneur in so far as networking is related to entrepreneurial competencies and affects performance in terms of innovation, internationalisation, and growth aspirations. Although the UAE hosts a culturally diverse workforce, where there are people from almost 200 countries, who speak hundreds of languages and come from different cultural backgrounds, it is no surprise that social interactions among different ethnic groups are very minimal. Building contacts outside the close social networks can maximise opportunities for Emirati entrepreneurs to build ties to their clients and customers. Such external networks enable them to establish a broader support system (particularly for women who are navigating pushes and pulls, as well as having fewer role models), the other is to strengthen the relationships that help them achieve business results.

Trust for Emiratis seems to be built on long-term relationships, which could be an important factor in the underutilisation of market and professional networks by Emirati entrepreneurs. The absence of accrediting bodies encourages a heavy reliance on close social ties, in particular with family members, and a lack of complimentary knowledge about the market, international opportunities and changing regulations.



Ali Al Saloom, Ask Ali CEO

*Water lapping at his ankles,
Ali Al Saloom gazes
appreciatively over the
mangroves that lie just yards
from the much-visited Abu
Dhabi coastline. A small boat
comes into view, and Ali waves
emphatically at the lady at
the helm. Today, he is to be
taken on a guided tour of the
mangroves. Each element of
life here must be experienced
individually and seen for what
it is. Not just that though,
thinks Ali, but we must also
see how everything links
together.*

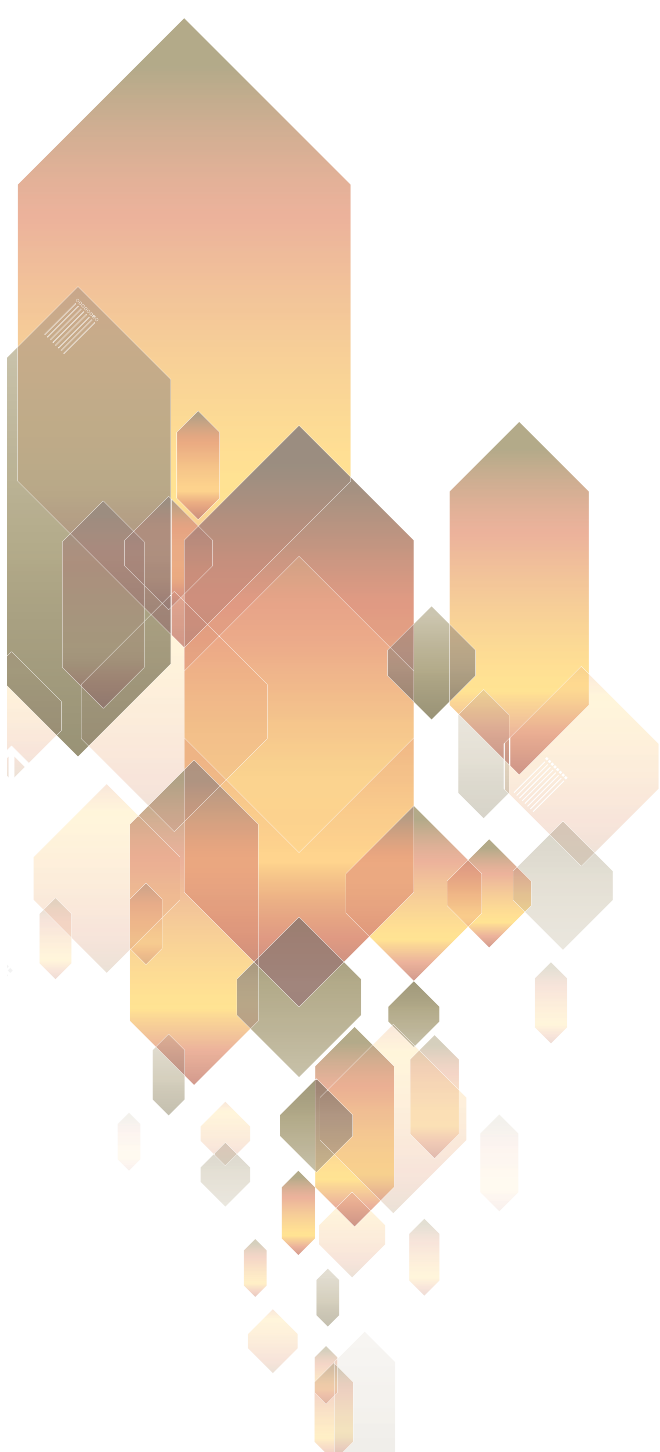
BRINGING EMIRATI CULTURE TO THE WORLD

Ali is a proud Emirati National who is recognized as an expert in communication and a well-known speaker. He has given speeches in various seminars and lectures all over the Emirates and other Gulf Countries. His most recognized accomplishment was the launch of his English language website “Ask Ali”, <http://www.ask-ali.com>, on which he introduces tourists and visitors to the UAE’s traditions, touristic attractions and archaeological sites. His TV show, Ask Ali, currently reaches thousands, as does his column in the weekly magazine ‘M’. For his work as a cultural ambassador, ‘Time Out Dubai’ even recognized him as one of their 40 Local Heroes in 2008.

Educated in the U.S. and Canada, Ali has developed a deeper appreciation for, and pride in, his Emirati heritage. He earned a university degree in Hospitality Management & Tourism and a Master's in Brand and Cross-Cultural Management. He is a member of the Professional Speakers Association of the Middle East and one of the Gulf's few experts in the cultural tourism field. He joined the Abu Dhabi Tourism Authority in 2005, and helped develop the city's first Meeting, Incentives, Conference and Exhibition (MICE) department.

His passion for protecting the UAE’s cultural heritage led him onto the conservationist path. “Our environment is part of our heritage; we must take care of it and protect it so the next generation can also be proud of it. Our future lies in the way we treat our environment today,” he explains. He was chosen as the Environment Awareness Ambassador for the Environment Agency Abu Dhabi, a new role the intercultural expert has to balance with his TV show, public speaking engagements and training courses.

* Case Profile provided by AKOUN Initiative in collaboration with Zayed University and INSEAD





II

EMIRATI ENTREPRENEUR PROFILE

While the first chapter of this book presented an overview of entrepreneurial participation among Emirati nationals, this chapter will illustrate the distinct profile of Emirati entrepreneurs. The examination of the Emirati Entrepreneur profile can illustrate the extent to which different segment groups in society are involved in entrepreneurship. The socio-demographic profile of entrepreneurs focuses on the attributes of the person and how these attributes might be related to exploiting opportunities which others either do not recognize or choose not to pursue. This section therefore identifies the socio-demographic profiles of Emirati entrepreneurs (including age, gender, income level, employment situation, household size, and education) to determine how they affect entrepreneurial behavior.

AGE

The influence of age on entrepreneurial activity tends to be very similar throughout GEM countries. In general, older people likely enjoy an advantage derived from accumulated experience, such that the likelihood of creating a new company increases among older entrepreneurs. The age distribution of UAE entrepreneurs does not vary much from that of the average for innovation-driven economies. Half of the world's entrepreneurs, on average, fall in the 25-44 age-group, and this is also true for the UAE. However, some interesting observations can be seen in an analysis of entrepreneurship phases by age group.

As Table 11 illustrates, the prevalence of early-stage entrepreneurial activity among the Emirati population tends to be relatively low in the 18–24 years age group with a TEA rate at 7.3%, with peaks among 25–34 year olds at 14%, which then declines as age increases. It is notable, however, that there



are still prospective entrepreneurs in the older populations, with 11% of those aged 45-54 and 12.7% of those aged 55-64 intending to start a business. While younger age groups are more dominant relative to intent and nascent entrepreneurial activity, established business ownership is most frequent among those in late career.

Although the low prevalence of entrepreneurial activity in the 18–24 age cohort is in line with general GEM trends, it is of concern in the Emirati context. The Emirati youth, with one of the highest population growth rates among MENA countries, represent a high proportion of the total population. The youth bulge presents both challenges and opportunities as policy makers need to educate the youth and create jobs for them to enhance human capital and create sustainable economic growth. Entrepreneurship can unleash the economic potential of youth in the UAE and be a significant source of new jobs and growth, while improving their economic independence.

Many school leavers in the Northern Emirates as well as the Western region of Abu Dhabi do not pursue higher education and therefore form part of the potential labour force earlier than if they had pursued their studies. The disproportionately high unemployment figures for the youth in these regions highlight the importance of finding alternative ways of increasing youth participation in the economy. Although access to finance is a perennial challenge for all new businesses, young people are particularly vulnerable to this limitation. On the other hand, younger people tend to possess more energy, vigour, enthusiasm, and appetite for risk-taking, which in combination with knowledge and open mental attitudes can enable them to seek, recognize, and develop more innovative business opportunities with greater economic growth potential. It is also important to note that younger people have fewer obligations and are just entering the workforce whereas older individuals have experience, access to resources, and networks that they could leverage, which can also be important for sustaining businesses. The more assistance a young entrepreneur can obtain, particularly during the start-up phase, the better are their chances of creating a successful and sustainable business.

Table 11 Participation Rate of Emiratis by Age

Age (years)	18-24	25-34	35-44	45-54	55-64
% of Respondents	18.6%	39.6%	25.8%	11.6%	4.5%
Expects to Start-Up	6.1%	11.9%	9.9%	11.0%	12.7%
TEA	7.3%	14.0%	8.8%	8.0%	7.9%
Nascent	5.0%	5.6%	4.1%	3.7%	0.0%
Baby Business	2.7%	8.6%	5.0%	4.3%	7.9%
Established Business	0.8%	3.9%	6.1%	11.7%	7.9%

GENDER

The entrepreneurial activities of Emirati men and women differ to a great extent. The research conducted under GEM allows not only for the gender effects to be quantified, but also for the disparities in the involvement of different activity levels of entrepreneurial phases to be captured. In Table 12 we can see the likelihood that an individual engages in early stage entrepreneurial activity is influenced by their gender.

Although the ratio of male to female participation in early-stage entrepreneurial activity varies considerably across the total sample of GEM countries, reflecting differences in culture and customs regarding female participation in the economy, a consistent finding is that men are more likely to be involved in entrepreneurial activity. Emirati men are 30% more likely than Emirati women to be an early stage entrepreneur. Rates of early stage entrepreneurs for males are 11.8% and for women the rate is 7.6%. Although it is interesting to highlight that the majority of established Emirati business owners are male at 7% in comparison with women at 0.9%, the major gap requires further analysis to better understand the factors that hinder women from pursuing entrepreneurial activities and becoming established business owners.

Emirati women's intentions for launching and managing new businesses may differ from those of men. Instead of women perceiving business as an economic entity designed to achieve profit through economic advantage, women may perceive their businesses as "cooperative networks of relationships" in which business relationships are integrated rather than separated from family, societal, and personal

factors. This leads to different approaches to venture creation and business growth expectancies. Initiatives aimed at increasing female participation in entrepreneurship are thus an important strategy for economic development in the UAE.

Table 12 Participation rate of Emiratis by Gender

Gender	Female	Male
% of respondents	32.8%	67.2%
Expects to Start-Up	6.5%	12.1%
TEA	7.6%	11.8%
Nascent	5.6%	4.1%
Baby Business	2.2%	7.9%
Established Business	0.9%	7.0%

HOUSEHOLD INCOME

The level of entrepreneurial activity is often associated with higher levels of income. For Emirati entrepreneurs, the likelihood that an individual engages in early stage entrepreneurial activity is influenced by the level of household income. In Table 13 we see that individuals from higher income households (above AED 20,000 monthly income) are 3.5 times more likely to be early stage entrepreneurs than individuals from middle income households (between AED 12-15,000 monthly income).

Interestingly, the data also reveals a significant high proportion of early stage entrepreneurial activities at 8.5% among individuals with lower income levels earning below AED 7000 monthly. This is almost double those at middle income levels, which may imply that Emiratis from a relatively lower income level are turning towards entrepreneurship partially out of necessity as a means to improve their income level.

Established business owners are three times as likely to be in the highest income bracket, which is similar across other innovation driven economies. The relationship between income level and entrepreneurial activity among GEM economies reveals that the overwhelming majority of people starting businesses in all national income groups were employed while developing their business, this is particularly the case for Emirati entrepreneurs.



Table 13 Participation rate of Emiratis by Income Level

Household Monthly Income (AED)	Below 7,000	7,000 to 12,000	12,000 to 15,000	15,000 to 20,000	Above 20,000
% of Respondents	4.2%	9.3%	7.9%	17.1%	61.5%
Expects to Start-Up	10.2%	6.1%	1.8%	6.2%	13.1%
TEA	8.5%	6.1%	3.6%	7.1%	13.0%
Nascent	6.8%	1.5%	2.7%	5.0%	5.1%
Baby Business	1.7%	4.6%	0.9%	2.1%	8.3%
Established Business	1.7%	1.5%	1.8%	3.3%	6.6%

EMPLOYMENT SITUATION

Regardless of gender, the likelihood that an individual engages in early stage entrepreneurial activity is influenced by their employment status. In examining participation rates of Emirati entrepreneurs according to their current employment status, data shows respondents who were “self-employed” have the highest propensity for entrepreneurial activities with a TEA of 41.7%, with almost every other Emirati entrepreneur shown as currently operating his/her new business full-time (Table 14). However, with the high proportion of Emirati entrepreneurs currently involved in “sponsorship” activities, which is due to the UAE law which requires majority ownership by an Emirati national when new businesses are formed, it is beyond our data to truly reflect the percentage of individuals who are fully committed to pursuing entrepreneurial endeavours. That notwithstanding, the overall TEA rates among full-time or part-time employed are at 10.7% and 16.7%, respectively.

By contrast, respondents who are full-time home makers or students have the lowest propensity for entrepreneurial activities in 2011. This is likely because of the abundance of safety nets and social welfare benefits for unemployed Emiratis. Part-time working Emiratis are more likely than full-time working Emiratis to be involved in total early-stage entrepreneurial activity. There appears to be a significant effect of occupational status on TEA rates for Emiratis.



Table 14 Participation rate of Emiratis by Employment Situation

Employment Situation	Employed full-time	Employed part-time	Self-employed	Seeking employment	Retired or disabled	Student	Full-time home-maker	Other
% of Respondents	58.7%	7.7%	5.1%	1.6%	11.5%	7.6%	7.2%	0.4%
Expects to Start-Up	10.5%	8.4%	50.0%	0.0%	5.6%	0.9%	2.0%	0.0%
TEA	10.7%	16.7%	41.7%	4.3%	4.9%	0.0%	0.0%	16.7%
Nascent	5.1%	7.4%	16.7%	4.3%	1.2%	0.0%	0.0%	0.0%
Baby Business	5.8%	9.3%	26.4%	0.0%	3.7%	0.0%	0.0%	16.7%
Established Business	4.4%	1.9%	27.8%	0.0%	6.8%	0.9%	0.0%	0.0%

HOUSEHOLD SIZE

In the entrepreneurship literature it has been found that individuals belonging to a larger family/households have a higher likelihood of being involved in entrepreneurial activities due to the safety factor of having additional wage earners in the family. This could be seen as a result of the risk sharing inherent in many family units – if one member requires funding another will support him or her. -- However, this is in contrast to the Emirati population (Table 15). Interestingly, smaller families with household of 1 to 2 members have higher TEA rates at 16.1% compared to larger households at 10.8% (i.e. above 7 household members) --. The fewer number of family members may decrease the odds of clashing opinions in regards to starting up a business and also lessen risk taking in regards to the number of people one is responsible of care taking. However, under conditions of high unemployment, if a person is the single wage earner in a family it is more difficult for him/her to risk their steady employment knowing that it may not be easy to find a second job if one cannot succeed as an entrepreneur.

Table 15 Participation Rate of Emirati by Household Size

Household Size	1-2	3-4	5-6	7+
% of Respondents	4.2%	12.9%	22.9%	60.1%
Expects to Start-Up	16.1%	10.4%	9.1%	9.8%
TEA	16.1%	9.2%	9.7%	10.8%
Nascent	1.8%	4.0%	4.5%	5.2%
Baby Business	14.3%	5.8%	5.8%	5.6%
Established Business	5.4%	5.2%	5.2%	4.3%

EDUCATION

The likelihood that an individual engages in early stage entrepreneurial activity is influenced by their level of educational attainment. There is perhaps no stronger argument for the importance of education to economic prosperity than the information on the relationship between education and entrepreneurship. Rates of early stage entrepreneurial activity are highest for those with higher levels of educational attainment (Table 16). A significant correlation between education and TEA among Emiratis has been established. Emiratis with post-secondary and first stage of tertiary education expect to be more involved in early-stage entrepreneurial activity. For those with only some secondary education, the rate of owner managers is relatively high at 11.9%. For those with first stage tertiary education, the rate of early stage entrepreneurial activity is 12% and for those with second stage of tertiary the rate is at 9.2%.

Education and prior experience are critical components of an entrepreneur's human capital, which reflects the degree of development of managerial know-how and capability (Becker, 1993). Higher levels of education and the extent of prior experience are likely to increase the belief that the effort put into an entrepreneurial initiative will not be misdirected, but will instead lead to a desired outcome. Entrepreneurial success greatly depends on both the entrepreneur's personal characteristics and professional aptitude acquired through education. Putting gender into the perspective, as the proportion of Emirati women with higher level education increases, which the current trend would indicate, it might be expected that the rate of early stage entrepreneurial

activity among women would also increase. However, the current levels of entrepreneurial activity among women with higher education still remains low which suggests further exploration into the other societal and cultural factors that may hinder female entrepreneurial activity.

Table 16 Participation Rate of Emirati by Education

<i>Education</i>	<i>Pre-primary</i>	<i>Primary</i>	<i>Lower secondary</i>	<i>Upper secondary</i>	<i>Post-secondary</i>	<i>First stage of tertiary</i>	<i>Second stage of tertiary</i>
<i>% of Resp.</i>	2.2%	3.0%	7.3%	31.2%	7.8%	31.3%	17.1%
<i>Expects to Start-Up</i>	6.7%	4.9%	10.8%	9.7%	13.8%	12.9%	5.5%
<i>TEA</i>	3.3%	0.0%	5.9%	10.4%	16.5%	12.0%	9.2%
<i>Nascent</i>	0.0%	0.0%	2.9%	4.4%	6.4%	6.2%	3.8%
<i>Baby Business</i>	3.3%	0.0%	2.9%	6.2%	10.1%	6.2%	5.5%
<i>Established Business</i>	6.7%	7.3%	4.9%	4.6%	6.4%	4.1%	6.3%

It is clear that education plays a vital role in teaching and developing entrepreneurial skills and it needs to be prioritized as it can be instrumental in breeding a new generation of entrepreneurial leaders. This will be further explored in Chapter 5 which focuses on the importance of education in fostering entrepreneurship.

WHO IS THE EMIRATI ENTREPRENEUR?

Let us first start by defining entrepreneurship and who is an entrepreneur? There are many definitions for the term “entrepreneur” and the description of his or her responsibilities and obligations. More than two hundred years ago, the French economist J.B. Say, defined an “entrepreneur” as someone who shifts economic resources out of an area of lower into higher productivity and greater yield. Some economists have defined an “entrepreneur” as an economic function within the field of business. According to the Kauffman center, the definition of entrepreneurship is:



“Entrepreneurship is the ability to amass the necessary resources to capitalize on new business opportunities. The term is frequently used to refer to the rapid growth of new and innovative business and is associated with individuals who create or seize business opportunities and pursue them without regard for resources under their control. They build something from practically nothing and usually reinvest earnings to expand their enterprise or to create new enterprises. Other words that characterize entrepreneurship include innovative, creative, dynamic, risk-tolerant, flexible and growth-oriented.”

Simply put, an entrepreneur is a person who creates and grows an enterprise. The process through which these enterprises are created and grown is entrepreneurship. However, different individual entrepreneurs may have vastly different motivations and goals and understanding these differences is necessary to design appropriate policy. Entrepreneurs generally have a variety of reasons for why they may start their own business. Several of the most well recognized types of entrepreneurs are:

- **Aspiring Entrepreneurs:** those who are attracted to the idea of creating enterprises, most often innovators and risk-takers;
- **Survival Entrepreneurs:** those who resort to creating enterprises to supplement their incomes;
- **Lifestyle Entrepreneurs:** those who create enterprises to pursue a certain lifestyle or live in a particular community;
- **Growth Entrepreneurs:** those who are motivated to develop and expand their businesses that create jobs and wealth and are capable of generating high-growth enterprises that profoundly impact local and national economies;
- **Serial Entrepreneurs:** those who go on to create several high-growth businesses and make a habit and a career of starting companies;
- **Intergenerational Entrepreneurs:** those who grow up in an entrepreneurial family and inherit a functioning business, continue to work in, maintain and grow the enterprise;
- **Gazelle Entrepreneurs:** entrepreneurial growth companies which are high-performing companies driven by an entrepreneur or entrepreneurial team, which are usually considered a cornerstone in developed economies.



There are multiple definitions of the term “entrepreneur” and “entrepreneurship”, and there is significant research about the motivations and characteristics of an entrepreneur and there is no simple definition that is generally accepted as correct. However, to understand the nature of entrepreneurship in the UAE context, it is important to consider the different individual characteristics and traits of our Emirati Entrepreneurs. Based on GEM data, we have identified the Emirati entrepreneur profile as being predominantly male, age 25-34, of higher income level, employed, having at least some post-secondary education, and from a household size of 1-2 people. The primary motive for 70% of Emiratis to start a business is to increase personal income. Emirati entrepreneurs have positive attitudes about entrepreneurship and are highly optimistic about entrepreneurial opportunities but they are reluctant towards starting a business as they have a high level of fear of failure. In the case of Emirati female entrepreneurs, they also have a positive attitude towards entrepreneurship and positive perceptions about good business opportunities, but they are even more reluctant to start a business due to fear of failure and lack of confidence in their own skills in starting and operating a venture. There is a high level of entrepreneurial intentions to start a new business and nascent entrepreneurial activity among Emirati youth, females, and older age groups that needs to be tapped into. This could catalyze and nurture entrepreneurial activities across all Emirati demographic groups.

YOUTH ENTREPRENEURSHIP

It is widely known that the Arab world is overwhelmingly young with two thirds of the population under the age of 29, with the highest unemployment in the world averaging 25-30%. The youth in the UAE aged 24 and younger represent 65% of the population while 20% are beneath the age of 15, which would indicate a need to focus on the youth as they are a large majority of the population and needed to create and sustain a diversified knowledge economy. Youth unemployment has significant consequences for the development of the country as a whole and no country can afford to underutilize the asset that young people represent. Employment creation efforts focusing on youth is evident in the UAE, but it is also necessary to implement inclusion strategies that focus on promoting entrepreneurship and developing entrepreneurial skills. Entrepreneurship is increasingly accepted as an important means to creating jobs and improving livelihoods and the economic independence of young people. Entrepreneurship can be a driving force towards unleashing the economic potential of Emirati youth and leading them to becoming more

active members of their communities, invested in creating a better and more innovative environment for their businesses.

Many of the Emirati youth that were interviewed for this book suggested that their greatest desire was to give back to their country – a country that has given them so much. Many of them believe that the best way to give back would be to work for the government. This perception needs to be adjusted so that the youth can understand the importance of their contribution to their society and the nation can be achieved through their efforts in starting up and growing innovative entrepreneurial endeavours which will in turn contribute to meeting the goals of the nation's vision to build a diversified knowledge-based economy.

According to GEM data, 30% of Emirati youth, aged 18-34 are either interested in starting a business or taking the initial steps in starting a business. However, Emirati youth lack “entrepreneurial capital” which includes the relevant skills, social networks, financial capital and credibility, and possibly the commitment needed to make a new business work. Consequently, they need special tailored measures from all stakeholders in the entrepreneurial ecosystem to address the specific barriers that they are facing through the implementation of a holistic approach to ensure youth inclusion within the overall National economy.

It is essential to promote an entrepreneurial culture among Emirati youth and to improve entrepreneurial education in the UAE. Young people often cite getting finance for the business and lack of skills as the biggest barriers they face to starting a business. Thus, improving access to finance and entrepreneurship education is fundamental. Moreover, improvements to the regulatory framework are essential to simplifying business creation and guaranteeing protection of young entrepreneurs. As young people tend to be characterized by their lack of experience, the introduction of business development services to support young entrepreneurs is also necessary to help them launch and grow their enterprises.

The UAE is investing considerable resources in youth development programs and youth entrepreneurship is increasingly seen as part of a solution to address the youth employment challenge. However, the current entrepreneurial culture and activity in the UAE is not yet conducive to achieving sustainable economic development as an innovation-driven economy. Emiratis are less risk oriented than citizens in other innovation driven economies and access to finance, lack

of entrepreneurial skills, and complex administrative procedures still remain the major obstacles. As young people are more prone to facing greater barriers, it is necessary to develop youth entrepreneurship initiatives that provide the needed resources to make it easier for our youth to start and run their own business.

Of course, there is no single model for the promotion of youth entrepreneurial activity. However, the most common support services in many of the programs that cater to youth development involve business development support, counselling and mentoring throughout the different stages of youth enterprises. Some of the key features of youth development programs include raising awareness of the viability of self-employment as a career option, enhancing entrepreneurial skills at all levels, and providing start-up support services.

In the UAE, the **Emirates Foundation for Youth Development** uses the social enterprise model of venture philanthropy to invest in youth development through a number of nationwide programs and initiatives that aim to positively impact the lives of Emirati youth by helping them reach their full potential. Emirates Foundation has developed a number of sustainable, enterprise-based solutions to social issues that help motivate and guide Emirati youth through programs that develop their capabilities, confidence and leadership skills. The Foundation works in three key theme areas: social inclusion, community engagement, as well as leadership and empowerment. Most notably is the successful “**Takatof**” program which trains volunteers for community events and local institutions. This program trains and provides young people with the skills to better prepare them for the future.

In recent years, a number of local programs and initiatives have been initiated to focus on youth development through awareness, inspiration, engagement, skills development, and mentoring. As a way to inspire Emirati youth to participate in the country’s future, Mubadala, an Abu Dhabi Investment company, introduced the **Weyana** youth program which is focused around three key pillars – education, culture, and wellbeing. Through the Weyana program a number of initiatives were introduced in collaboration with key stakeholders including Emirates Foundation and the Khalifa Fund to create a new generation of Emirati entrepreneurs. Mubadala also supported the launch of the **Zayed University Entrepreneurship Club (ZUEC)**, a student-led initiative at both the Dubai and Abu Dhabi campuses, aimed at inspiring and stimulating interest in entrepreneurship among Emirati youth. The ZUEC provides a conduit by which students can access entrepreneurial tools & resources, network



opportunities with community entrepreneurs, and a chance to share ideas to further the understanding about new and small businesses. In alignment with the Abu Dhabi Economic Vision 2030, the Abu Dhabi Council for Economic Development (ADCED) in collaboration with multiple stakeholders launched **Akoun**, an entrepreneurship awareness campaign designed to inspire and empower Emirati youth to enter the private sector by setting up their own small and medium business. Now in its third year, the Akoun initiative has gained popularity in nurturing the entrepreneurial spirit through its business ideas competition which awards best business proposals to encourage students to come up with bright ideas that could lead to the creation of successful businesses. Another popular initiative is the Dubai SME's **Young Entrepreneur Competition** which aims to inculcate entrepreneurial spirit among the youth in the UAE, which provides them with an opportunity to test-launch their entrepreneurial ideas and skills through a platform that supports experiential learning in entrepreneurship.

Entrepreneurial support can come from all types of organizations which can lead to building a better entrepreneurship ecosystem but there is a need for greater coordination and integration of business development support efforts by government and the private sector. Youth entrepreneurship programs can be introduced by the public and private sector as well as academia as a way to invest in economic sustainability, youth capacity development, and nurturing a new generation of entrepreneurs. Youth entrepreneurship can serve as a sustainable solution to youth unemployment but it will be necessary to take action in the following areas: implementation of youth entrepreneurship policies, entrepreneurship education, access to finance, and provision of business development support services. Youth entrepreneurship policy measures should also be taken to stimulate entrepreneurship and to foster entrepreneurial activity of young people.

FEMALE ENTREPRENEURSHIP

As we discuss the importance of unleashing the economic potential of Emirati youth through entrepreneurship, it is also important to examine Emirati female entrepreneurship as an important untapped source of economic growth and development. Female entrepreneurs can also create new jobs and wealth creation and their distinctive traits can provide society with different solutions to management, organisation and business problems as well as to the exploitation of entrepreneurial opportunities. There is a need



to address the challenges that hinder the economic potential of this group from being fully utilized.

Women are regarded as a great resource in the Arab world that has not been tapped to its greatest potential. According to a study by the United Nations, the UAE currently leads the Middle East and North Africa region in women's empowerment. Although significant progress has been made in empowering Emirati women (women currently represent 59 per cent of the total work force in the government), we need to encourage female entrepreneurship both at governmental levels, through educational programs, enterprise development support, and access to financial support at a societal level, in an effort to boost an entrepreneurial culture and make entrepreneurship an attractive option for women.

Although Emirati females account for 49% of the UAE Emirati population, the UAE entrepreneurship landscape is marked by a huge gender imbalance, where Emirati males are 50% more likely than Emirati females to start a business. Likewise in the business world, although there has been an encouraging upturn in the number of female entrepreneurs in recent years, they still represent only about 30% of the UAE's Emirati entrepreneurs. The proportion of entrepreneurs that are women does not reflect the proportion of women among the national population (49%) nor does it reflect the proportion of the labour force which are Emirati women (27.5%). As evidenced from the GEM data, Emirati females have lower participation rates in entrepreneurship than men and their risk aversion is higher. Fewer Emirati females also report confidence in their ability to start and successfully run a business.

In the UAE over 70% of university students are women and many desire the independence that owning a business can give them. However, there are challenges to the female entrepreneur, firstly, female entrepreneurs are less likely than their male counterparts to know someone who has started a business in the past two years, and these role models are seen as an important part of the stimulus for budding entrepreneurs to make the leap from opportunity recognition to nascent entrepreneurship. Also, the requirement by many municipalities to grant a business license by showing proof of a leased location can impede women from starting home-based businesses – which are a desired type of business for many traditional Emirati women.

The UAE government encourages women's participation in economic development and there have been efforts to encourage female entrepreneurs

but there is still so much more that needs to be done to overcome the specific factors that discourage women in particular from starting or growing a business. One of the key challenges that female entrepreneurs face is that of cultural value or tradition and the challenge of balancing the commitments of family responsibilities and business. One type of support can be provided through creating platforms for women to network and exchange ideas which can be paramount in not only sparking innovation, but it can give women a sense of support and confidence, and enable them to be better prepared and ultimately successful. Women can be highly successful in building networks and collaborating with other women and small business owners to grow their business and help nurture other businesses within their communities.

Female entrepreneurs can also play a vital role in identifying opportunity areas where they can succeed but there is a tendency for female entrepreneurs to choose business areas with a low barrier to entry in which they can collaborate with others to mitigate risk. The main sectors in which Emirati females operate their businesses are the retail sector (43%) and services sector (56%). However there are numerous business opportunities that female entrepreneurs can consider. The rich culture, heritage and geography of the UAE can provide many unique opportunities for craft and boutique businesses. Although, increased efforts are also being made by government organisations to target Emiratis and encourage small ventures which produce handicrafts and locally made products, there is much more that can be done to establish markets, assist with product development and make connections with other artisanal enterprises in the fashion and home furnishings industries to incorporate Emirati design and handicrafts into their products.

Additional industries to be considered would be the cosmetic and beauty care, niche agricultural and boutique eco-tourism industries. The health benefits of the rich supply of natural ingredients for cosmetics and beauty care products and niche agricultural products such as mountain honey, Arabian Gulf salt, camel milk, dates and sea products needs to be better understood and boutique firms could be supported and encouraged. With the strong positioning of the UAE as a high-end tourist destination, Emirati developed and run eco-tourism ventures could also be encouraged and supported to provide tourists with a more complete view of the rich Emirati culture. Another opportunity to boost female entrepreneurship is digital start-ups which can provide female entrepreneurs with the opportunity to leverage technology and social media as a way to start a business from home and successfully manage work schedules and family commitments.

Supporting female entrepreneurs is essential to stimulating economic growth since the entrepreneurial potential of females has not yet been fully exploited. Female entrepreneurs can play an important role in the entrepreneurial economy both in their ability to create jobs for themselves and to create jobs for others. Thus, we need to increase the abilities of women to participate in the labour force and increase the possibility for them to engage in entrepreneurship. However, more targeted programs and innovative initiatives are needed to support female entrepreneurship. Moreover, efforts should also be made to better understand this target group through more concerted data collection to examine women's self-employment and home-based entrepreneurship.



Amina Taher,
Slices Co-founder

Combining organic ingredients and wholesome healthy food with innovation in serving new products continuously, Slices offers a wide range of menu options, fresh and healthy choices. Well, what's unique about Slices? To ensure the freshness of all products at all times, all products are provided daily by suppliers early in the morning, food and beverage are prepared fresh and new, and at the end of each day all unsold items are donated to a local charity!

FEMALE ENTREPRENEUR

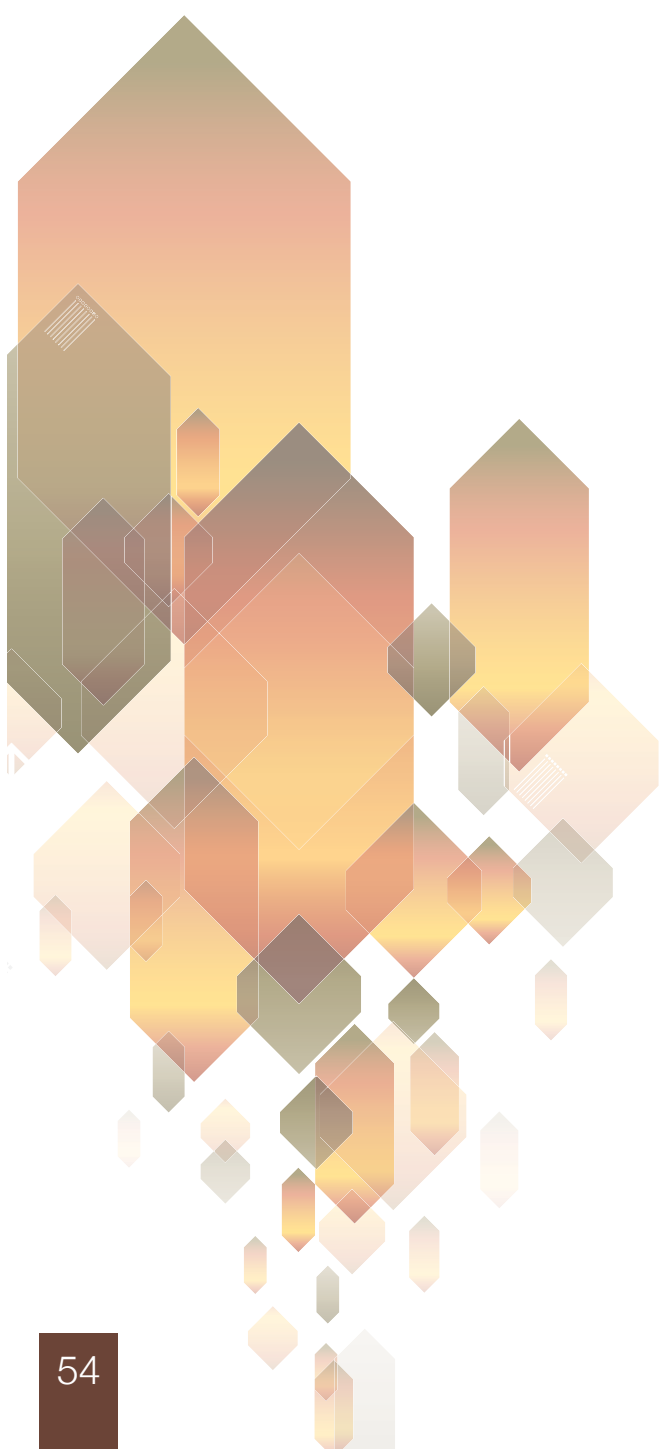
Slices, <http://www.slices.ae/>, was established by four young Emirati entrepreneurs who were working full time at Mubadala. Supported by Khalifa Fund for Enterprise Development, Slices has already proven its early success and currently grown to a second branch at Zayed University campus in Abu Dhabi, while diversifying its services such as delivery, corporate and home catering, etc.

Amina Taher, as the only female member of the founding team recalled: It all started at an informal gathering with her friends about a year ago "we need to make something happen!" the four ambitious young entrepreneurs started thinking of what is lacking in Abu Dhabi. Finally, after a comprehensive study, they decided to go for "Slices" - an organic and healthy food station, as "food touches everyone".

According to the World Health Organization statistics, about 30 per cent of men and 43 per cent of women in the UAE are classified as obese. Taking into account the statistics and recognizing a "gap" in the market, "We wanted to have a unique Emirati initiative that could later go international and at the same time we wanted to introduce and promote healthier eating".

Amina described the experience of setting up "Slices" as a wonderfully positive impact on her as a woman in business. In order to succeed, the range of skills needed vary, the advice Amina would give to future aspiring female entrepreneurs is to have the right time management and be able to organize time in a professional manner; more importantly however, is loving what you do, just go for it! It is tough and challenging, but knowing you have made a difference will make it all worthwhile.

* Case Profile provided by AKOUN Initiative in collaboration with Zayed University and INSEAD





ENTREPRENEURIAL ATTITUDES

Fostering an entrepreneurship culture is a key priority for the UAE which requires positive societal attitudes, perceptions and motivations towards entrepreneurship. Intentions are key measures of potential entrepreneurs in a society because they are positively correlated with the TEA rate, indicating that if there are a lot of people intending to start a business in an economy, the entrepreneurship rate is also likely to be high. Potential entrepreneurs need to view entrepreneurship and being an entrepreneur in a positive light before they will think seriously of potential opportunities in the market.

Measuring entrepreneurial attitudes is important because they express the general feelings of the population towards entrepreneurs and entrepreneurship. Entrepreneurial attitudes toward entrepreneurship refers to the extent to which people think there are good opportunities for starting a business, or the degree to which they attach high status to entrepreneurs. Other relevant attitudes might include the level of risk that individuals might be willing to bear and individuals' perception of their own skills, knowledge and experience in business creation. As entrepreneurial attitudes can influence entrepreneurial activity, they can also be influenced by entrepreneurial activity.

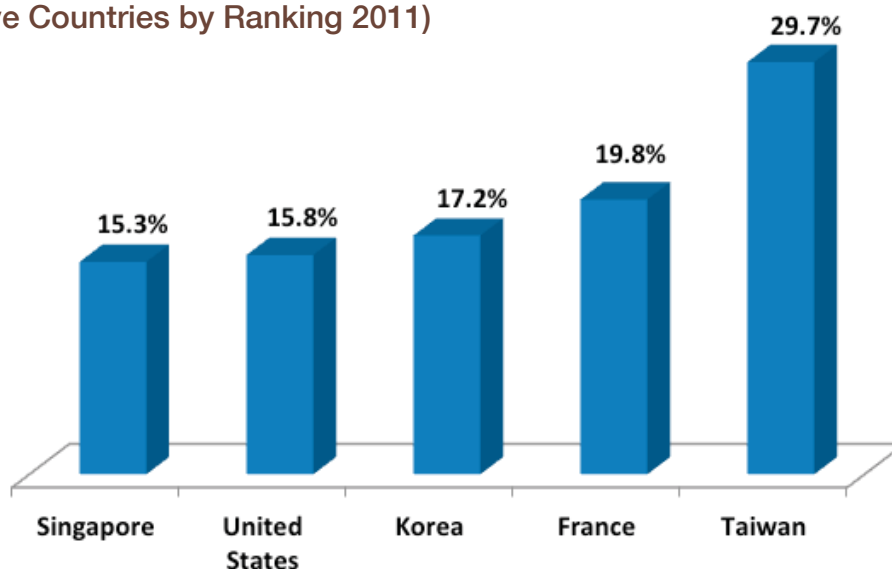
In measuring entrepreneurial attitudes, GEM data provides unique measures of a country's cultural and social norms in support of entrepreneurship. These measures include an assessment of attitudes to entrepreneurs and entrepreneurial success, as well as measures of the perceptions of individuals as to their own ability to engage in entrepreneurial activity. The differences in TEA (early stage entrepreneurship) rates can often be explained by the perception of societal attitudes towards entrepreneurship. The seven measures which are used to measure the overall "culture" include: perceived opportunities, perceived capabilities, fear of failure, entrepreneurial intentions, entrepreneurship as a



good career choice, perceived high status given to successful entrepreneurs and perceived media attention given for entrepreneurship. Taken together and noting the progression over time, the findings may allow researchers and policy makers to gauge the public's transforming attitudes towards entrepreneurship and can indicate their intention to begin the entrepreneurial process themselves or support those in their social network. By allowing a comparison of countries at the same stage of development and a tracking of the situation over time, GEM research can assess the relative strength and position of the cultural and social norms in the UAE in nurturing increased entrepreneurial activities, which can lead to the development of targeted programs to cultivate the entrepreneurial mindset amongst the general population of the UAE.

In 2011 the GEM Global Report indicated that people who felt that they had the skills to start a new venture were four to six times more likely to actually start a business. If we look to the top nations in 2011 amongst innovation-driven economies we see entrepreneurial intention rates that demonstrate an atmosphere of entrepreneurial dynamism (Figure 4). Entrepreneurial intentions represent the percentage of individuals who expect to start a business within the next three years. Globally, however, intentions for starting a business were relatively low among the innovation-driven economies in comparison with factor driven and efficiency driven economies. On average about 10% of adults in innovation-driven economies intend to start a business in the next 3 years. Russia and the UAE, countries that place a high emphasis on extractive resources, had the lowest entrepreneurial intention rates.

**Figure 4 Expect to start-up in next three years
(Top Five Countries by Ranking 2011)**



Positive attitudes about entrepreneurship can indicate the propensity for people to engage in entrepreneurial activities. In 2011 GEM data revealed a

significant drop in the intentions of Emiratis to start a business, from 65.9% of the total population of Emiratis surveyed expecting to start a business in 2009 to just 8.4% in 2011. In Table 17 we see a five year review of the percentage of the UAE population who intend to start their own business in the next three years, broken into nationalities. While Emiratis have a higher percentage than the UAE average of 6.4% it still indicates that the percentage of potential entrepreneurs is lower than necessary in a vibrant entrepreneurial nation, which is highly important to achieving sustainable economic growth.

Table 17 Five year overview of start-up intentions by Nationality

Year	Local/ Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	TAP UAE Average
2006	10.7%	14.7%	3.5%	3.3%	8.5%
2007	58.1%	62.0%	19.8%	10.7%	39.8%
2009	65.9%	62.1%	21.9%	25.3%	42.9%
2011	8.4%	9.7%	4.1%	1.4%	6.4%

Societal attitude towards entrepreneurship is an important pre-condition for entrepreneurial activity. Developing entrepreneurial capacity is not about skills alone, but also about creating a motivating environment. The socio-cultural environment can have a major impact on business start-up since it can generate a positive atmosphere for such undertakings. Starting up a business is much easier in a country, in which entrepreneurship is considered a desirable career choice, where entrepreneurs are attributed with high social status (Table 18) and where media often convey a positive image of entrepreneurship.

Table 18 Entrepreneurs have high status in the community

Year	Local/ Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	TAP
2006	93.1%	86.4%	87.8%	100.0%	88.3%
2007	91.8%	89.1%	70.7%	49.4%	79.5%
2009	86.9%	86.3%	65.1%	56.4%	75.2%
2011	88.6%	81.7%	62.9%	64.8%	73.2%

A positive culture in relation to entrepreneurship in a society can make a remarkable difference in the rates of entrepreneurial activity. There are many factors contributing to a nurturing entrepreneurial culture, and the presence and complexity of these factors make this phenomenon difficult to untangle and duplicate. But one set of indicators that relates to macro conditions pertaining to entrepreneurial activity are societal attitudes. The comparative demographic figures provided in Table 19 provide a wealth of data to consider when determining the attitudes towards entrepreneurship in the nation.

Table 19 Entrepreneurial Attitudes in the UAE²

Category	Perceived Opportunities		Perceived Capabilities		Know an Entrepreneur		Fear of Failure	
Gender	Female	Male	Female	Male	Female	Male	Female	Male
Local/Emirati	56.71%	51.16%	45.89%	54.02%	29.87%	36.26%	45.02%	36.05%
Arab Expatriate	32.69%	47.24%	46.79%	73.21%	17.95%	39.26%	42.31%	44.99%
Asian Expatriate	35.92%	30.65%	47.18%	59.64%	33.1%	23.67%	45.77%	51.90%
Western Expatriate	41.56%	53.19%	54.55%	72.34%	29.87%	54.26%	45.45%	58.51%
Category	Entrepreneurship as a Good Career Choice		Entrepreneurial Intentions		High Status to Successful Entrepreneurs		Media Attention for Entrepreneurship	
Gender	Female	Male	Female	Male	Female	Male	Female	Male
Local/Emirati	78.57%	73.26%	6.49%	12.05%	83.33%	84.14%	71%	67.34%
Arab Expatriate	71.15%	73.01%	5.13%	10.63%	77.56%	78.53%	62.18%	57.87%
Asian Expatriate	64.08%	63.58%	3.52%	4.25%	56.34%	62.37%	54.93%	57.06%
Western Expatriate	48.05%	73.53%	2.60%	1.06%	61.04%	64.89%	41.56%	70.21%

² Oversampled data was used here for richness in providing comparisons in the UAE.



Analyses of society-wide attitudes about entrepreneurship show that, overall, Emirati women have the highest perceptions about the prevalence of opportunities and entrepreneurship as a good career choice more than their male counterparts. However, Emirati women in general are less confident about their capabilities more than their male counterparts, in which case the percentage of Emirati males exceeded that of women by 10%. Emirati male entrepreneurs are more likely to know an entrepreneur within their social networks and significantly out-weigh the Emirati female population by 50 percent regarding intentions to start a business. In terms of fear of failure deterring an individual from starting a new business, Emirati males also tend to have a lower rate for fear of failure compared to Emirati women by nearly 10 percent.

A comparison between gender within the expatriate population in the UAE reveals that expatriate women have, on average, lower perceptions about new business opportunities and their own capabilities, lower entrepreneurial intentions and lower fear of failure than their male counterparts. This finding indicates that, although the expatriate male population is influenced by fear of failure, such influence is less significant for expatriate women. On the other hand, both Arab and Asian expatriate women are about equally as likely as men to perceive entrepreneurship as a good career choice, to believe successful entrepreneurs are afforded high status and that entrepreneurship receives adequate attention in the media. An even more striking difference can be seen in both Arab and Western female expatriates in which it indicates that their male counterparts are twice as likely to know an entrepreneur. Our results on western female expatriates indicate less positive societal attitudes toward entrepreneurship in which they are 25% less likely than males to perceive entrepreneurship as a career choice and 30% less likely to perceive that media provides adequate attention for entrepreneurship.

Opportunity recognition is a critical early step in the entrepreneurship process, and those seeing many opportunities may exhibit a greater awareness or readiness for entrepreneurial activity. Asian female expatriates tend to have higher perceptions about opportunities than Asian male expatriates, which perhaps indicates some level of enhanced creative abilities by Asian female expatriates that can lead to an increase in opportunity identification tendencies. Arab and western female expatriates tend to have lower perceptions about opportunities than their male counterparts. Overall, however, female expatriates from all nationality groups have lower perceptions about their entrepreneurial capabilities which may explain the overall lower intentions of female entrepreneurial activity, with the exception of western female expats which



expressed significantly high levels of entrepreneurial intentions, which perhaps indicates some level of increased search for income-generating activities.

In summation, overall societal attitudes towards entrepreneurship in the UAE tend to be positive with a considerable level of perceived opportunities and capabilities in starting a venture but there are considerably low intentions in actually starting a venture which may primarily be due to the high levels of fear of failure which may further be hindered by a lack of effective networking that can support and stimulate entrepreneurial pursuits.

FEAR OF FAILURE

Fear of failure is an important factor that limits the level of entrepreneurship at the national level. Despite an identified opportunity and the will to implement it, and despite positively perceived capabilities, some entrepreneurs give up on the establishment of a business as a result of fear of failure. Innovation-driven economies consistently rank high on average, on the fear of failure measure. We assume that high fear of failure in a country's population can be a strong deterrent factor for potential entrepreneurs. However, in past years, across the GEM sample group, fear of failure was lower among those who saw good opportunities to start a business compared with the population in general. This would suggest that it might be possible to improve perceptions about opportunities and increase intensity to start a business by reducing fear of failure.

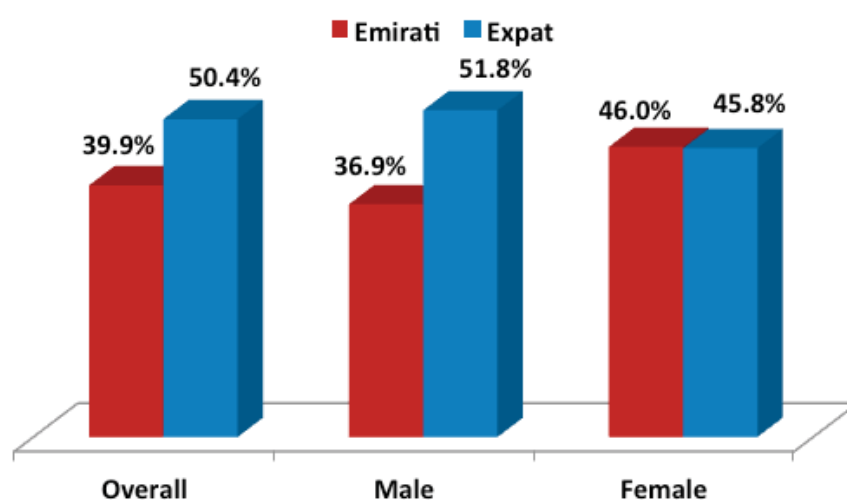
In the UAE, the extreme drops in start-up intentions from 2009 are indicative of the fallout from the Dubai boom and bust cycle that occurred in late 2009 and 2010 where there was high enthusiasm for taking part in the boom to a great fear of being swept up in the bust. However, there was also a notable decrease in the fear of failure to 39.9%, from a five year high of 55.5% in 2009. Yet, a little more than one in every three Emiratis still indicated that it is their fear of failure which prevents them from starting up a new venture (Table 20). Fear of failure is commonly associated with a fear of uncertainty, financial risk and a loss of social standing if a venture does not succeed. Table 20 demonstrates a high level of uncertainty about pursuing a business. Whether this is due to uncertainty associated with current bankruptcy laws or a culturally related fear of losing face in front of family members and the wider community is unclear. Further research would be required to delve deeper into the reasons why Emiratis do not begin businesses, even with available government support and initiatives.

Table 20 Fear of failure as an impediment for starting a business

Nationality	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate
2006	36.1%	34.6%	26.1%	34.6%
2007	39.9%	45.2%	37.0%	49.1%
2009	55.5%	54.9%	38.4%	41.2%
2011	39.9%	34.9%	24.7%	43.8%

Figure 5 provides the gender differences and nationality differences related to fear of failure. In comparison to other nationalities residing in the UAE, Emiratis overall have less fear of failure, and data reveals that Emirati males in particular have a much lower fear of failure than the general expatriate male population. Whereas both Emirati and Expatriate females rank the same with regards to fear of failure, Emirati females do not start a business due to this fear 9% more than Emirati males. It is clear that risk appetite is low and steps need to be taken towards alleviating the fear of failure stigma which can be viewed as an obstacle towards entrepreneurial pursuits.

Figure 5 Gender Differences for Fear of Failure



Scholarly research is still at the foundation of a truly robust understanding of societal challenges and needs. Although GEM data and research can illustrate the rates of fear of failure, and the supporting interviews and focus groups can highlight some of the reasons given by potential Emirati entrepreneurs,

focused research by scholars is needed to develop a true understanding of the general fears of Emiratis and the demographic specificities of targeted groups such as Emirati women and youth. Policy change can have a positive influence on risk propensity, and could include promoting new venture creation with respect to financing and employment costs, improving skills of financial professionals in assessing higher risk ventures, and reducing negative consequences associated with employment protection, government bureaucracy, and bankruptcy laws.

MEDIA

Media has an important role to play in creating a positive image about entrepreneurship and starting a business. Media, particularly in the form of newspaper publications and TV programs, can be an effective medium in promoting an entrepreneurial culture in terms of an entrepreneurial mindset, business startup motives and entrepreneurial orientation. Mass media can also play an important role in enhancing the visibility of entrepreneurs and through media, the image of entrepreneurship in society can be improved and thereby the propensity of people to consider becoming entrepreneurially active.

In the UAE, nearly nine in ten Emiratis consider that media coverage of entrepreneurs of new firms and entrepreneurs is adequate as illustrated in Table 21. This would place them at the highest rank in the 23 innovation-driven economies surveyed in the 2011 GEM Report – well above the average for the UAE at 62.8% which indicates that Emiratis are aware of entrepreneurs, yet are still not motivated to become one.

Table 21 Adequate media coverage given to entrepreneurs

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate
2006	93.1%	86.4%	87.8%	100.0%
2007	91.8%	89.1%	70.7%	49.4%
2009	86.9%	86.3%	65.1%	56.4%
2011	88.6%	81.7%	62.9%	64.8%



The first stage that an individual takes in the individual entrepreneurial process is the awareness that the option exists. This is then followed by the formation of attitudes and beliefs, as well as personal identification with the “entrepreneurial role”. An individual’s motivation to explore entrepreneurship is initially heavily influenced by external factors, such as the entrepreneurship culture or the existence of entrepreneurial “heroes”, which bear an influence on each person’s occupational entrepreneurial identity. There is a critical need to generate more favourable attitudes towards entrepreneurship in society. For young people in particular, feeling that they “know” an entrepreneur “just like them” – either through television reports or actual visits and meeting entrepreneurs, can be an important factor in thinking that they too could start their own venture.

One recent example of how local media has been linked with fostering entrepreneurship is **The Entrepreneur**, a reality TV program shown on Dubai One which debuted in 2012 and was sponsored by the second largest telecom company in the UAE – Du. The program features hopeful entrepreneurs pitching their ideas to a panel of judges in which the top ten finalists vie for 1 million Dirhams in cash to invest in their winning idea. A first of its kind in the Middle East this program did not only reward a few aspiring entrepreneurs, but it can serve as an example of how the media, especially television can play a significant role in promoting entrepreneurship, by conveying in a direct, entertaining and vivid way what being an entrepreneur could be like while reaching a very broad audience.

ENTREPRENEURSHIP AS GOOD CAREER CHOICE

Entrepreneurship is becoming an increasingly popular career choice in today’s world but entrepreneurship is not for everyone. Emirati entrepreneurs perceive the UAE as having a favourable environment for entrepreneurs in policies relating to the legitimacy of entrepreneurship as a desirable career choice, which is somewhat surprising given the lower levels of participation rates in entrepreneurial activity. Nearly four in five Emiratis consider starting their own business as a good career choice (Table 22). When gender is considered, nearly 8 out of 10 Emirati females believe that entrepreneurship is a positive career choice which is higher than the Emirati male average where 73% believe it is a good career choice. One reason for such a difference could be the stigma of business failure that is highly prevalent among Emiratis and the other reason could be the country’s attitude towards failure as bankruptcy carries a heavy stigma in the UAE.

The typical time from the end of a liquidation process until the bankruptcy is freed from debts is over 3 years in the UAE. Insolvency laws have been in place in the UAE since 1993, but historically they have been untested, and



due to changing market conditions this has led to the drafting of a new federal bankruptcy law with greater emphasis on rescuing companies and preserving assets. Every year, thousands of businesses close which is part of the dynamics of a healthy economy. In fact, only 50% of businesses survive 5 years after they were started. Bankruptcy is not uncommon but the stigma and difficulties faced by a bankrupt entrepreneur can significantly deter an entrepreneur from re-starting a new venture and potential entrepreneurs may not even consider creating a company out of fear of the consequences of failure.

Many of the most well-established companies today only exist because their founders did not give up after failing at their first hurdle. Apple's co-founder Steve Jobs and Amazon's founder Jeff Bezos are examples of high impact entrepreneurs who have both weathered their fair share of failures and mistakes but never gave up and persisted in contributing in a major way to society today. If we want to tap the full potential of business we need to ensure that genuinely talented entrepreneurs have every opportunity to give it another try, even after an initial failure. In order to encourage more Emiratis to start their own business, we need to foster a positive attitude to risk-taking and failure, as well as provide the appropriate support, at as early a stage as possible.

Table 22 Entrepreneurship is a good career choice

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate
2006	83.5%	76.1%	96.7%	49.9%
2007	80.5%	74.9%	68.3%	52.0%
2009	77.2%	77.8%	61.6%	68.2%
2011	79.7%	77.2%	64.6%	65.1%

PERCEPTIONS

An individual's decision to become an entrepreneur depends on recognizing opportunities in the area where one lives and on the confidence in one's own capabilities to start and operate a business. Whereas in most innovation-driven economies, perceived opportunities are lower than perceived capabilities. In the UAE, it is the reverse. Emirati Entrepreneurs have high perceptions about good opportunities (61%) for starting a business within 6 months with only 51% reporting that they have the necessary skills to start their own business.

The process of entrepreneurship commences when a business opportunity is identified and when the will to seize it emerges. It is measured by the percentage of persons who claim that there are good conditions for starting up a business in their neighbourhood within the next six months. According to the GEM data, a little over three in five Emiratis see a good opportunity to start a new venture in the next six months (Table 23). Opportunity recognition on the part of Emiratis has shown a steady increase since 2006 which indicates that more Emiratis are aware of entrepreneurship as an alternative or extension of career choice, and are able to recognise opportunities to a much higher extent than when compared to other nationalities residing in the UAE. Additionally, more Emirati women than men see an opportunity to start their own business and are in fact the demographic group in the UAE which recognizes opportunity the most. However, they are less likely to actually start a business.

The GEM UAE 2011 report also highlighted a number of factors which can have a marked impact on the level of improvement-driven opportunity motivation within the Emirati population. As necessity entrepreneurship is at such low levels, perceived opportunities can be a strong driver of entrepreneurship in the UAE. These high levels of opportunity perception might be the outcome of the traditional Emirati resourcefulness and the ability to improvise, which promotes creativity, as they have witnessed the strong economic growth of the UAE in the past 20 years including infrastructure development and increased attraction of foreign investors. Once regarded as the business hub of the Middle East, the UAE is now known as the international business and re-export hub where many foreign companies are launching their operations and opening their branch offices. Also, the number of tourists coming to the UAE has continued to increase year by year. These are enough reasons to indicate that the country is truly emerging as a land of investment with increased opportunities.

Table 23 Sees good opportunities in the next six months

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate
2006	45.7%	38.3%	40.0%	69.1%
2007	52.0%	40.5%	55.5%	34.2%
2009	55.3%	40.6%	45.5%	49.2%
2011	60.6%	46.9%	33.8%	50.0%

Self-verification of one's own capabilities and knowledge takes place in the process of entrepreneurship after the identification of a business opportunity. Entrepreneurs ask themselves the question of whether their capabilities and experience allow for opportunities to be seized and to be successful in business. As far as self-evaluation of knowledge and capabilities necessary to establish a business is concerned only five out of ten Emiratis believe that they have the necessary skills to start their own business (Table 24). This is the lowest amongst the different nationalities surveyed in 2011 and a marked decrease from 2007 and 2009. There is usually a high correlation between the level of perceived entrepreneurial skills in starting up a business and those that intend to actually start a business. With the low levels of perceived entrepreneurial capabilities among Emiratis, this further signals the need to actively pursue entrepreneurial capacity building through entrepreneurship education programs which can develop entrepreneurial competencies in general and entrepreneurial leadership in particular. Moreover, despite an identified opportunity and the will to use it, and despite perceived capabilities, some entrepreneurs give up on the idea of establishing a business as a result of fear of failure.

Table 24 Have necessary skills to start own business

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate
2006	51.8%	63.8%	33.0%	72.4%
2007	65.3%	68.0%	55.7%	54.6%
2009	65.6%	76.6%	61.7%	80.2%
2011	51.6%	70.1%	58.6%	65.7%

MOTIVATIONS

The motivation to start-up a business is an important factor that determines the outcome of the entrepreneurial venture. Key findings from numerous studies (e.g. Venkataraman, 1997; Sarasvathy, et al., 2003) show that the enterprises which were established because of the willingness to seize an identified opportunity have a higher survival rate and are more successful. GEM traditionally distinguishes two types of motivations: opportunity-driven and necessity-driven entrepreneurship. The UAE is unique in many aspects when compared to other nations in regards to the high degree of opportunity based entrepreneurship.



According to the 2011 UAE GEM data only one in 20 Emiratis were actively involved in start-up efforts. This includes doing research about a new business idea, looking for funds and starting the process of setting up a business (Table 25). From the high degree of Emiratis who recognise opportunities, it would appear that few have the required tools to proceed from turning their dreams into reality.

Table 25 Actively involved in start-up effort

Year	Emirati	Arab Expatriate	Asian Expatriate	Western Expatriate	GCC National	UAE Average
2006	0.9%	3.6%	0.7%	0.0%	0.7%	1.7%
2007	4.9%	6.8%	2.7%	3.8%	12.1%	4.6%
2009	8.4%	11.3%	2.8%	0.0%	10.4%	6.5%
2011	5.1%	7.8%	0.6%	0.0%	0.0%	3.7%

In GEM data the motives of entrepreneurs to start-up a business are fully opportunity driven, partially opportunity driven or are necessity driven (Table 26). In other words, people either start a new venture to take advantage of a business opportunity or because there are no other options available for employment. The majority of Emirati Entrepreneurs (82%) start a business to seize an opportunity. When the decision to start a business has been driven by recognition of an opportunity, entrepreneurs are asked for their most important motive: to have greater independence and freedom, to increase personal income or to maintain personal income (i.e. in the case of inflation with stagnant wages).

Table 26 Emirati Entrepreneurs' Motives for Starting a Business

Year	Purely Opportunity Motive	Partly Opportunity Motive	Necessity Motive
2006	73.4%	13.1%	13.5%
2007	90.0%	10.0%	0.0%
2009	93.2%	4.7%	2.1%
2011	63.8%	18.2%	18.0%
Total Adult Population	69%	18.4%	12.6%



When starting up their entrepreneurial activity, people are driven by various motivations. In most cases, the leading motivation is represented by an identified business opportunity and an intention to seize it, yet the motivations might be different as well. Many individuals establish a new business to a certain degree due to necessity, or due to lack of better occupational alternatives. For others, the main motivation includes maintenance or increase in their personal income. A specific motivation to start up a business entails satisfaction of the need for independence; it frequently applies to individuals, particularly Emirati females, whom despite having a stable job in the public sector, decide to establish a company in order to be their own bosses.

As illustrated in Table 27, the primary motivations for Emiratis to start up a business are increased personal income and greater independence. However, the motive of greater independence on the part of Emirati entrepreneurs has fallen from a high of 100% in 2006 to a five year low of 20.6% and inversely we see the increasing desire for increasing personal income as the main motive (Table 27). In fact, two out of every three Emirati entrepreneurs in 2011 began their ventures to increase their personal income – this from a low of 0% just five years previously. The combined motive assumes a mix of the will to seize an opportunity and the necessity to establish a business; the necessity/maintenance of income is a necessity-driven motivation with no opportunity-driven component. In 2011 there were statistically 0% of Emiratis who were motivated to start a new “family” business. There is clear evidence that extrinsic factors such as increase of personal income or maintaining income have become the dominant motivation for Emirati entrepreneurs instead of motivation with an intrinsic nature (i.e. greater independence). There are challenges for all demographic groups of the UAE to become entrepreneurs. As wages have increased for Emiratis working in both the public and the private sector, the incentive to become an entrepreneur would appear to be decreasing as the desire for increased income is increasing. However, as government jobs reach a saturation point and with a large youth population entering the job market in the coming years, entrepreneurship will need to be regarded as one of the best means to create worthwhile full-time jobs that can contribute to the development of the UAE economy.

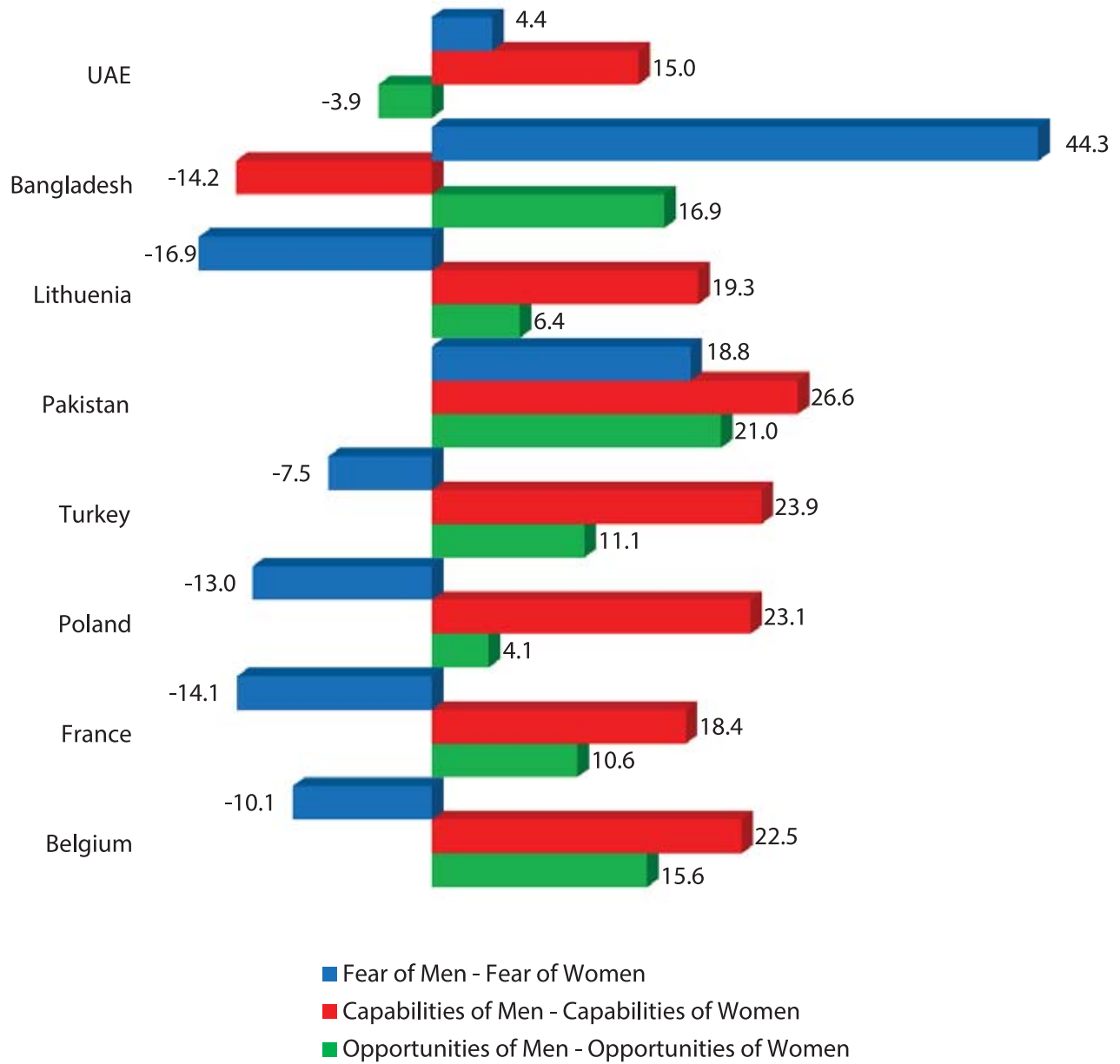
Table 27 Motivation of Emiratis to start a new business

Year	Greater independence	Increase personal income	Maintain income	Other
2006	100.0%	0.0%	0.0%	0.0%
2007	72.0%	28.0%	0.0%	0.0%
2009	71.8%	22.9%	5.3%	0.0%
2011	20.6%	66.3%	12.0%	1.1%
Total Adult Population	45.5%	49.1%	4%	1.5%

The profiles of entrepreneurial attitudes and perceptions differ from country to country. Figure 6 presents the countries with the highest differences in one of the three factors of entrepreneurial attitudes and perceptions, of which the UAE is among this group. The results point to a difference between the indicators in the UAE for both genders. The positive values represent a higher rate for men whereas the negative value reflects a higher rate for women, therefore overall perceived capabilities is higher amongst men than women.

There is a noticeable difference between men and women living in the UAE in the case of fear of failure rate. It is men who are often more afraid of failure in establishing a new business, which probably arises from the dominate national cultures, as well as the traditional role associated with men in the UAE society. On the other hand, women in the UAE identify more business opportunities than men, where the difference to the benefit of women amounts to nearly 4 percentage points. One explanation to this is perhaps that women, more than men, have the ability to see what could be and not simply what is. Women tend to see opportunity in everything and everyone and they have an inherent ability to be creative which allows for the discovery of opportunities. The key challenge for policymakers is how to tap into this expertise and unleash the entrepreneurial potential of more Emirati women.

Figure 6 Cross country comparison of entrepreneurship perceptions between men and women





Azza Al Qubaisi

*Azza Al Qubaisi
gradually expanded
her social identity as an Emirati
women over time by becoming
a successful Emirati Artist,
an Emirati Designer, and an
Emirati Social Entrepreneur.*

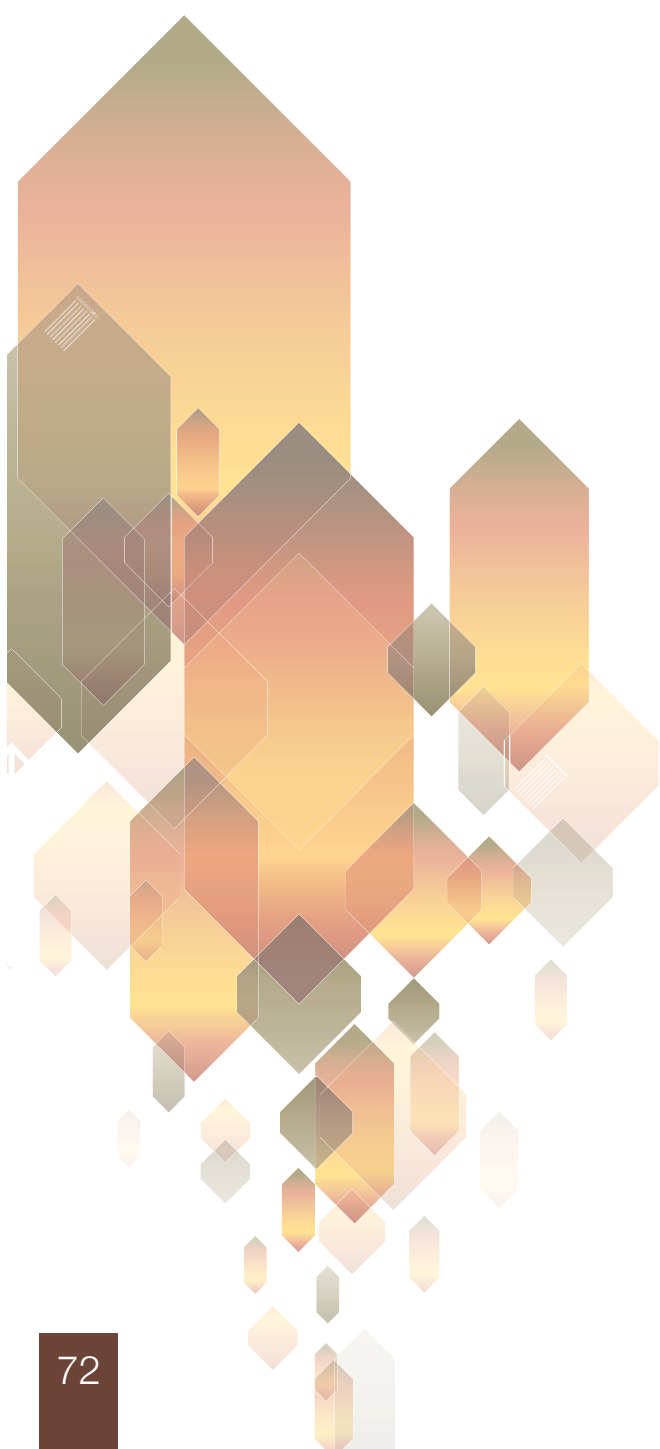
ARTIST ENTREPRENEUR

In 2002, as her family welcomed her home to the United Arab Emirates (UAE), Azza Al Qubaisi was elated. She had successfully pursued her passion for art by completing her Bachelors Degree in Silversmithing, Jewellery and Allied Crafts at the London Guildhall University. After celebrating the graduation she held high expectations that her art, as an Emirati, would be met with unlimited opportunities and just as warm a welcome. Soon, however it became apparent that UAE society in general did not understand her work nor did she benefit from the many hours she devoted to making her unique pieces of jewellery. In fact, her work was far from making her financially independent, and she felt isolated without the support of either agent or galleries to showcase her pieces.

As she considered her situation she questioned, What was creating the barrier to her local market when her pieces were so uniquely reflective of the UAE's rich heritage? Why were people distrustful of products made locally? How was she going to engage future clients and make her work resonate with them? How was she going to get them to trust her expertise when they appeared to believe in the quality of imported work so much more?

Azza Al Qubaisi's big success demonstrates her mastery of all these challenges. Her story portrays a true testament of an entrepreneurial roadmap towards success, and can serve as an example to young entrepreneurs by emphasizing the importance of following their passion when they start a business. The challenges that she faced can serve as learning methods for exemplifying how successful business ideas might be generated through the creative combination of different elements; how young entrepreneurs can enhance innovation by exposing themselves to the right environment and by adopting the right behaviors; finally, they will understand the "legitimacy gap" of novel products and learn how to convince customers to buy products and create new markets.

* Case Profile provided by AKOUN Initiative in collaboration with Zayed University and INSEAD





IV

ENTREPRENEURIAL ASPIRATIONS

Apart from entrepreneurial attitudes and perception aimed at answering the question of the genesis of enterprises, as well as entrepreneurial activity considering the number of enterprises established in various configurations, entrepreneurial aspirations can answer the questions related to the quality of enterprises and the entrepreneur's level of ambition which can serve as a good predictor of subsequent growth. Actually, entrepreneurial aspirations can significantly impact entrepreneurial outcomes which is why it is important to understand what drives entrepreneurial ambition.

Entrepreneurs can differ in their aspirations to introduce new products and new production processes, to engage with foreign markets, to develop a significant organization and to fund growth with external capital. These aspirations, if realized, can significantly affect the economic impact of these entrepreneurial activities. Products and process innovation, internationalization and ambition for high growth are regarded as key success factors of ambitious or high aspiration entrepreneurship. GEM has created measures that capture such aspirations to track entrepreneurial growth perceptions as high-growth entrepreneurial activity can have a major impact on increased job and wealth creation.

GROWTH EXPECTATIONS

An important feature of entrepreneurial activity in an economy is its ability to create jobs. This ability goes along with the UAE's long-term strategy of diversification of the economy and growing the private sector through innovative and knowledge intensive new ventures. Growth activity can be demonstrated through intentions to hire new employees and intentions to expand into new markets.

To understand growth aspirations we need first to look at the current size of



businesses owned and run by early stage Emirati entrepreneurs. Table 28 illustrates that businesses with 20 or more employees have dropped by more than half since 2009 and by half since 2007. However, there were increases in the businesses with 1–5 employees and 6-19 employee categories. Perhaps this indicates that early stage Emirati entrepreneurs are more cautious about growth than before the global economic crisis in 2009 and 2010.

Table 28 Number of jobs in Emirati owned early stage SMEs

Year	None	1 to 5	6 to 19	20 and above
2006	0.0%	59.8%	33.2%	7.0%
2007	2.6%	27.5%	39.7%	30.2%
2009	2.8%	25.0%	34.4%	37.9%
2011	6.8%	37.4%	40.8%	15.0%

The intention to create jobs is an integrated measure of both an entrepreneur's ability as a manager and of his/her perception of characteristics in the environment being conducive to entrepreneurial activity. When early stage Emirati entrepreneurs are questioned on their expected job growth in the next five years, they are quite positive in their prospects for future growth (Table 29). No Emirati entrepreneur expected to be forced to let people go and while 15% expected employment numbers to remain stable, a full 25% of early stage entrepreneurs expected to expand their businesses by taking on new employees in the next five years.

Table 29 Expected job growth next five years early stage Emirati entrepreneurs

Year	≤-10	-1 to -9	0	1	2 to 5	6 to 9	≥ 10
2006	0	0	2	1	1	1	3
2007	0	0	6	0	7	4	21
2009	1	0	10	0	4	4	35
2011	0	0	15	0	10	4	11

Table 30 presents the job growth expectations for Emirati owned established businesses, which are businesses that have been in operation for longer than three years. These numbers suggest that as a business establishes itself, the expectations for growth decreases with only 3% of established businesses expecting to hire 10 or more employees in the next 5 years.

Table 30 Expected job growth of Established Emirati entrepreneurs

Year	≤-10	-1 to -9	0	1	2 to 5	6 to 9	≥10
2006	0	0	1	0	0	0	1
2007	0	0	4	2	1	4	3
2009	4	2	7	0	4	0	11
2011	0	1	7	0	2	0	3

Another way in which GEM measures growth is to ask entrepreneurs if they are in expansion mode through the introduction of new technologies. Table 31 illustrates that over half of early stage Emirati entrepreneurs are in market expansion mode. However, most of this expansion is limited with less than 1 in 4 early stage Emirati entrepreneurs expected to introduce or use new technologies.

Table 31 Expected new market expansion early stage Emirati entrepreneurs

Year	No market expansion	Some market expansion no new technology	Some market expansion (with new technology)	Profound market expansion
2006	13.8%	64.3%	4.7%	17.3%
2007	8.1%	20.8%	57.1%	13.9%
2009	39.6%	38.5%	19.0%	2.8%
2011	48.3%	21.2%	24.6%	5.9%

Again, established Emirati entrepreneurs are more hesitant in their growth aspirations than early stage entrepreneurs. More than half of these established entrepreneurs are not in market expansion mode, and only 12.2% (less than half the rate of early stage Emirati entrepreneurs) expect to use or introduce new technologies as part of their expansion (Table 32).

Table 32 Expected new market expansion establish Emirati entrepreneurs

Year	No market expansion	Some market expansion (no new technology)	Some market expansion (with new technology)	Profound market expansion
2006	48.5%	51.5%	0.0%	0.0%
2007	22.9%	25.6%	32.8%	18.8%
2009	56.0%	40.7%	3.3%	0.0%
2011	56.5%	27.9%	12.2%	3.3%

INTERNATIONALIZATION

As part of their growth strategy, many firms choose to expand their geographic scope from domestic to foreign markets through international expansion to achieve firm growth and improve the firm's profitability. Strong international orientation is considered in GEM to be a declaration that at least 25% of clients are foreign clients. The UAE as a whole is ranked number one among innovation driven economies for international orientation (Table 33). However, the percentage of Emirati entrepreneurs operating internationally is low. Emirati owned businesses rely to a greater extent on the local market than do their expatriate counterparts. Whereas nearly 14% of all UAE SMEs export at least 75% of their goods and services, only 4% of Emirati owned and managed SMEs do the same. This would seem to indicate that Emiratis need support to adequately capitalize on the unique opportunities present in the UAE from an international and culturally diverse expatriate population and tap into the underdeveloped professional advisory support networks.



Table 33 Export intensity (TEA)

Year	75%-100%	25%-74%	1%-24%	None
2006	6.0%	5.8%	33.7%	54.5%
2007	6.8%	14.0%	37.4%	41.9%
2009	2.4%	25.0%	20.2%	52.4%
2011	3.7%	21.7%	32.5%	42.1%
TAP 2011	13.6%	23.7%	29.9%	32.9%

The UAE's long term strategy is to be known globally as an export based economy driven by small businesses. Although the numbers reflect positively on international activities due to the UAE's long history as a regional trading hub, as well as being a host to over 200 of the Global Fortune 500 companies in the Middle East, there is still room to increase the level of export activity of locally produced manufacturing goods and/or services. For small economies such as the UAE, entrepreneurs must look across their borders for bigger markets. We know that export intensive businesses generate more economic value for a nation than firms which operate primarily in the domestic market. Given the small local market of the UAE, an international focus is a requirement for all Emirati entrepreneurs who wish to establish and develop a high-impact enterprise. To create a truly diversified knowledge based economy in the United Arab Emirates, micro, small and medium sized enterprises need to be created and encouraged to develop into thriving export-focused high-impact firms. As Emiratis are the ultimate stewards of the economy they are in the best position to navigate and contribute to UAE's economic outlook through entrepreneurship with international orientation.

INNOVATION

The UAE is recognized as an innovation-driven economy, which means that knowledge becomes the key driver of growth where innovation can contribute to more than 30 per cent of economic activity. This clearly suggests that the impact of innovation on the UAE economy can play an important role in catch-up and growth in a global economy. It is important to note however that innovation does not only come from the large firms, but dynamic smaller firms that can also make positive contributions to innovation and sustainable economic development. Actually, small businesses have not become obsolete as a result



of globalization, but rather their role has changed as the comparative advantage has shifted towards knowledge-based economic activity. Large manufacturing corporations in high-cost locations have lost much of their competitive advantage, and small entrepreneurial firms account for a disproportionate share of new product innovations (Audretsch, et al., 2007).

Innovation is an essential component for economic growth and productivity. However, it is extremely difficult to measure given its constantly changing nature and environment. GEM associates innovation with corporate renewal and new venture creation. Entrepreneurs start and grow their businesses by developing new processes, products and/or services which can lead to job and wealth creation. GEM uses two different ways to assess innovation: product originality and the degree of business competitiveness.

Entering the market or creating new markets means that few or no other enterprises offer the same product or service. Table 34 illustrates that three in five Emirati owned and managed companies offer products and services that many of their competitors also sell. Fewer than one in ten consider that only “some” of their competitors offer the same goods. This indicates low rates of innovation and a desire to copy rather than invent. The result indicates a greater need for human capital development, which may give rise to the increase in knowledge workers and innovation.

Table 34 Businesses offering the same products Emirati (TEA)

Year	Many	Few	Some
2006	36.7%	46.0%	17.3%
2007	65.3%	30.1%	4.6%
2009	62.0%	26.9%	11.1%
2011	60.2%	30.8%	9.0%
TAP 2011	63.3	31.3	5.4

Promotion of science and technology based new ventures coupled with an advanced system for intellectual property protection, and academic

entrepreneurship seem to have facilitated the success of innovation policies exhibited in Germany and Japan. These governments demonstrate the crucial role science and technology can play in a country as major tools for rapid social and economic development. It is imperative that the UAE government support for entrepreneurship should encourage innovation as it not only can increase competitiveness, lower prices and create jobs, but it can also create increased wealth for individuals and the nation.

In a knowledge economy, technology and the birth of new firms from technology driven innovative ideas and services, needs to be nurtured and encouraged. In a small market knowledge economy, innovation and technology can be key to increasing exports and the sale of intellectual property. Given the fact that the UAE has an innovation-driven economy, it is expected that new technology will be a main driver of innovation and there will be an increase in entrepreneurial activity within the technology sector of the economy.

However, Emirati entrepreneurs have minimal involvement in the high-tech sector, which may be due to a number of reasons such as the higher degree of risk and the higher level of expenses related to technological innovation. Multi-actor incubators, with both private and public partners, need to be established and government organizations need to collaborate with educational institutions, community, social groups to offer the support needed for Emirati entrepreneurs to begin, develop and grow their innovative high-impact ventures. Industrial research centers need to be established and aligned to support basic and applied research in high growth industry sectors to advance and overcome their unique issues. Innovative arrangements for R&D partnered with UAE based researchers rooted in academic institutions can be one way to stimulate human capital development and increase access to research based problem solving for SMEs.

The UAE has forward-looking views on the benefit of innovation, science and technology and the Government has already committed significant investments in key industries such as oil/gas services, semiconductor, aerospace, clean tech, and ICT in line with its vision to be a leading knowledge based economy. The UAE realizes that innovation, knowledge and sustainable development are the key drivers of its growth. As a matter of fact, the UAE is the only Arab country to be classified as an innovation-driven economy by the World Economic Forum Global Competitiveness Report 2012-2013 in which the UAE is ranked 24th out of 144 globally in overall competitiveness.

The Abu Dhabi Government has supported a number of initiatives that clearly demonstrate its commitment towards fostering innovation and strengthening R&D capacity to enable human talent to generate higher value added growth and prosperity. One key initiative is **Masdar**, the Abu Dhabi-based renewable energy company wholly owned by Mubadala, that integrates research, development and innovation with investment, sustainable production, deployment and export with the aim to lead the way in making renewable clean energy a viable solution. As a clean-tech cluster and test-bed of renewable energy and sustainable technologies, Masdar provides a catalytic and synergistic environment for new technologies to be developed, commercialized and exported.

Another key initiative that aims to facilitate the generation of new and innovative ideas into practical and commercial applications inclusive of IP protection is the **Takamul** program, a national innovation support program developed and operated by the Abu Dhabi Technology Development Committee (TDC). This initiative supports innovations in the Health & Medical, ICT, Clean-tech, Semiconductor, Oil & Gas Services, Energy, Advance materials infrastructure and lifestyle industries as a way to transform the economy into a knowledge-based economy. Of course, the critical key success factor is human capital development.

Table 35 Level of technology of products in start-ups (TAP)

Year	No/Low-Tech	Med-Tech or Hi-Tech	Total
2006	97.0%	3.0%	100.0%
2007	99.4%	0.6%	100.0%
2009	99.0%	1.0%	100.0%
2011	97.7%	2.3%	100.0%

In 2011, the UAE GEM Report found that almost all new businesses started in the UAE had no or low technological levels, with only 2.3% being medium-tech or high-tech new ventures (Table 35). When figures for Emirati entrepreneurs were reviewed, the figures were even more shocking - 100% of new businesses are no/low tech. Perhaps worse is that these figures have not changed since the GEM Report was first published in 2006. In comparison with other innovation-driven economies, the UAE has the second lowest rate of medium technology



to high technology established businesses at 2.3% compared to the lowest performing country, Czech Republic at 1.3% and the best performing country, Norway at 14.3%.

Innovation is highly dependent on the capacity of the local entrepreneurs, most of which work within SMEs where the extent of their innovativeness depends on the characteristics of the entrepreneur, the local environment, and the sector (technological intensity) in which the firm is active. Policy and the institutional environment is also an important determinant of innovative behavior which is why Government support for innovation is very important. This type of support can take shape in the form of business reform for doing business, providing venture capital, provision of technical and managerial education, infrastructure and more active public private partnerships. There is a need to not only foster entrepreneurial behavior but it is even more important to generate high-value entrepreneurs who can generate enhanced economic growth. To grow the economy, we need to grow high impact entrepreneurs, people who launch and grow companies that have an above average impact on job and wealth creation. The key question that policy makers need to understand is how do we create more high impact entrepreneurs?

Entrepreneurial activity in the UAE has attracted a global organization that is recognized for fast-tracking the growth of high-impact businesses in emerging markets. **Endeavor Global**, a non-profit organization that transforms emerging markets by establishing high-impact entrepreneurship as the leading force for economic development, has partnered with Abraaj Capital, one of the region's leading private equity firms to achieve impact in catalyzing these high growth firms. Endeavor's model is well recognized for selecting high impact entrepreneurs which show potential for substantial growth, impressive job creation, and the potential to inspire others in the region. Through their focus on high-impact entrepreneurship, they can demonstrate how fostering SMES with high growth potential can contribute positively to job and wealth creation.

Innovation as a policy area is primarily concerned with a few key objectives: ensuring the generation of new knowledge and making government investment in innovation more effective; improving the interaction between the main actors in the innovation system (universities, research institutes and businesses) to enhance knowledge and technology diffusion; and establishing the right incentives for private sector innovation to transform knowledge into economic value and commercial success. Policy makers in the UAE could promote interactions between users and producers of innovation by supporting innovation infrastructure, such as technology transfer offices, science parks, and business



/ technology incubators and accelerators; encourage the uptake of strategic technologies among SMEs; promote an increase in the percentage of science and engineering graduates; improve the intellectual property rights regime; improve access to pre-commercialization funding and venture capital; provide incentives to increase R&D expenditure and support initiatives that can accelerate the development and commercialization of new technologies and products.

INCUBATORS & ACCELERATORS

The benefits of innovation by entrepreneurs depend on the national system of innovation within which they are embedded. An effective national system of innovation can lead to an increased ability to tap into global technology, better circulation of knowledge within the economy, and a more rapid process of technological upgrading. Many countries have recently attempted to improve their national systems of innovation by supporting business incubators, as a tool to foster innovation. In the last few years both incubators and accelerators have grown increasingly in the region particularly as a way to catalyze the growth of technology related startups.

Most incubators offer a protected, nurturing environment, with shared services usually under the same roof where an entrepreneur brings their idea in or are recruited to execute a home-grown idea. The business incubator usually provides a variety of services such as office space, access to finance, networking, guidance and mentorship to entrepreneurs with viable innovative business ideas. The intent is to help small enterprises in the incubator have a better chance of survival through the start-up phase. They are mostly funded by government organizations or universities as part of an overall economic strategy. While many incubators operate as non-profits, some incubators do take equity stake in companies. Most incubators also tend to be sector focused based on the local economic needs, and provide support to turning an idea into a viable business which can operate sustainably. Entrepreneurs typically stay in an incubator from three to five years and during that time they can access advice and guidance from the network of professionals that are associated with the incubation center and possibly access financial resources.

In the UAE, there are a limited number of incubators that cater to the growing need to develop high impact entrepreneurship with high-value enterprises in a nation which aspires to be a knowledge-based economy. To foster a new generation of entrepreneurial leaders, academic incubators can be instrumental

in impacting positive change. To cater to the need of catalyzing the start of enterprises in key priority knowledge-based sectors, high-tech incubators need to be established by experienced specialists in the field.

Silicon Oasis Founders (SOF) technology incubator, a wholly owned entity of Dubai Silicon Oasis Authority, was recently set up in the UAE with the aim to be a leading incubator that supports high potential technology ventures in the seed phases. The incubator provides a holistic incubation approach to help aspiring entrepreneurs in the region set up high-potential ventures and achieve success. The incubator mainly targets high potential technology ventures that show scalability in areas such as IT, internet, ecommerce technology and mobile that are in the seed phase and looking for co-investment, along with technologies that need short incubation time from 3 to 12 months, and low investment or to support existing business models which have the potential for further growth.

A number of sector focused incubators have also started to emerge such as **Ibtikar**, the innovation and support arm of Abu Dhabi's media free zone twofour54 that offers funding and business support to start-ups, early-stage business and individuals within the media and entertainment industry. It aims to support Arab nationals in launching commercially viable businesses and projects that contribute to Arabic content creation. UAE's first biotechnology incubator initiative was launched at Abu Dhabi University with **AccuVis Bio**, a medical research and product development company financed by Khalifa Fund. This initiative not only aims to encourage Emirati creativity and innovation but to support research commercialization and the transformation of local Arab patents into marketable products.

Accelerators are similar to incubators but they are not intended to protect and nurture, but tend to be more hands-on and intense, using a more boot camp approach to venture creation. They bring together entrepreneurs and mentors/advisors and encourage entrepreneurs to discover how to best take advantage of the opportunity. They provide seed funding, mentorship and usually after three months, the entrepreneur is required to pitch their idea in front of qualified venture capitalists for the next round of funding. As the name suggests, they accelerate the launch of a product, service or a web based company. From an investor standpoint, they are a great way to find and test talent that might not be ready for a larger round of funding. From an entrepreneur standpoint, they are a great vehicle for bringing exposure, connections, mentorship and future funding to the new venture in a quick way.

The most popular model of an accelerator is the Y Combinator started by Paul Graham in Silicon Valley where young companies get initial seed funding (averaging \$20,000) in exchange of a small equity stake (never exceeds more than 10 percent). The Y Combinator team help entrepreneurs by providing them with clear direction and mentorship on idea development and after 3 months are given the opportunity to make a pitch in front of potential investors. The seed accelerator model has been spreading across the globe with several operating in the Middle East.

One example in the UAE is **Seed Startup**, a start-up accelerator program and seed venture fund, that was launched in the UAE with a focus on digital media startups. The program involves a selection of 5 to 10 companies to participate in its intensive 3 month program in which entrepreneurs have the opportunity to be mentored and pitch their ideas for an investment of between \$20,000 to \$25,000 in return for a 10 percent equity stake. Another example of an accelerator program recently launched in the UAE is the **i360 accelerator** which is a 60-day idea acceleration and seed funding program that offers participants the opportunity to work on and refine a startup idea, while receiving training on entrepreneurship and innovation.

Another new concept that has swept the MENA region and which is getting extremely positive attention in the UAE is the **Startup Weekend**, an intense 54-hour event, that focuses on building a web or mobile application, which could form the basis of a credible business over the course of a weekend. Startup Weekends occur in more than 100 cities in over 25 countries and are now a regular occurrence throughout the UAE. Startup Weekends have proven to be successful events with high levels of participation of local entrepreneurs that are encouraged to take their innovative ideas to the next level by developing their concepts into viable businesses and potentially launching new startups.

There are obviously a number of platforms that can foster and nurture entrepreneurs but what is most important is that the appropriate catalysts and facilitating environments are tailored to meet the local needs. Business Incubators and Accelerators can provide critical value to both entrepreneurs and the UAE as they have the ability to impact new ventures through modifying or accelerating the entrepreneurial process of business development. Helping entrepreneurs and small businesses to succeed implies an increase in jobs and economic expansion, which contributes to the growth of the local economy and in turn economies of a larger scale.



SOCIAL MEDIA

Globally, interest and participation in social media is growing at an increasing rate as more and more people connect online via the various social media platforms and it is becoming an integral part of life online as social websites and applications proliferate. Social media includes websites and the various online technology tools that enable people to communicate via the internet to share information, opinions, resources, knowledge and interests. It involves the building of communities or networks, encouraging individual and organisational participation and engagement.

Both entrepreneurs and enterprises have started to embrace social media tools as they recognize that it offers a new powerful tool with opportunities to engage customers, clients in targeted communities and the public in conversations and brand awareness initiatives to help grow and develop their brands and services. Some prominent examples of social media platforms that entrepreneurs can leverage include websites like Facebook, YouTube, Twitter, Google and LinkedIn to name just a few.

Small businesses have a lot to gain by integrating social media websites into their general web presence. As a fast-growing channel for customer service, social media can provide opportunities for the smaller enterprise to spread their message as a business, to connect with their target audience better, and to network more effectively. Social media has easily become one of the fastest growing benefits of technology today and not only is it free, with targeted programs available at low cost but it can instantly open the door for entrepreneurs to share their business with the world.

The use of social media continues to grow rapidly and influence cultural and societal changes in the Arab world as it impacts massive change in the way people can now communicate with each other. According to the latest statistics from the Arab Social Media Report, conducted by the Dubai School of Government, Arabs using Facebook have hit 45.2 million as of June 2012, with a 50% growth in a year and triple that in the same month in 2010 and Twitter, on the other hand, has over two million active users. The report shows that one fourth of Facebook users are from Egypt and another one-fourth come from Saudi Arabia and the UAE, which in turn combine to make up 80% of the social networking giant users from the Gulf. Facebook leads in social media penetration with the UAE dominating the top five Arab Facebook users as a percentage of population. The professional networking site LinkedIn has



four million users from the Arab world with the UAE leading in Middle East penetration at 12.77% with over a million users of which 70% are between the ages of 18 and 34. The report also shows that social media platforms such as Twitter, Facebook and YouTube continue to serve as primary avenues for over 12% of the Arab population for raising awareness and dissemination of information.

The Arab Social Media Report has revealed the extent to which social media is impacting the Arab world and serving as a key tool for entrepreneurs and businesses. The survey shows that 86% believe that social media empowers entrepreneurs through branding and marketing, tapping into wider markets and raising entrepreneurial spirit within enterprise. Moreover, social media was seen as pervasive and positive to the workplace with 86% believing that tools such as Twitter and Facebook improved intra-agency collaboration, 85% believing that it increased customer satisfaction and 78% believing that it raised trust between coworkers. It was also suggested that these platforms can help youth enter the workforce, bridging the gap between youth qualifications and job market demands. The new platform of social media has clearly revolutionized the role of communication at many levels and its impact continues to grow.

GOVERNANCE

Most economists would agree that governance is one of the critical factors determining the growth prospects of countries and that better governance can lead a country to achieve greater competitiveness. The concept of competitiveness indicates the ability of a nation to maintain high rates of economic growth and productivity with sustained employment. The importance of enhancing national competitiveness is clearly a priority on the agenda of most countries including the UAE and national competitiveness is no longer defined solely by measures of international trade or relative cost competitiveness. In today's world, national competitiveness is defined by the capability of a country to provide the operating and governance context for growth, economic opportunity, employment, and balanced income growth for its citizens. To raise competitiveness, there is a need for sustainable economic development, performance-oriented enforcement, and ethics, which are the basis of good governance that will lead to achieving competitiveness. The UAE's commitment towards achieving such competitiveness is evident in the formation of the Competitiveness Councils

in both Dubai and Abu Dhabi that aim to advance the UAE's competitiveness, regional and global leadership, and future prosperity. The demands of competitiveness suggest that we support a continued systematic approach to raising the standards of governance.

At the enterprise level, corporate governance is a relatively new concept in this part of the world but is making significant progress. It refers to the direction, control and management of companies and financial institutions, looking strategically at the relationships between managers, directors, owners/shareholders and other stakeholders. It is highly perceived that all companies and institutions, whether listed or unlisted, whether family-owned or with more diverse ownership structures, large or small, can benefit from adopting sound corporate governance practices that can lead to competitiveness. At the enterprise level, better corporate governance can lead to higher returns on equity and greater efficiency.

In recent years, The UAE has taken considerable steps to further advance and promote the adoption of best corporate governance practice. In 2009, the UAE introduced new governance regulations for firms listed on the Abu Dhabi Exchange and the Dubai Financial Market and now listed companies and financial institutions need to adhere to compulsory governance and compliance requirements. However, significant challenges still remain.

With this in mind, the Gulf Cooperation Council (GCC) in 2010 launched a landmark scheme, the **Pearl Initiative**, in collaboration with the UN Office for Partnerships, as a platform to create a better business environment in the region through improved corporate governance and accountability. The Pearl Initiative, established under the Patronage of His Highness Dr. Sheikh Sultan bin Mohammad Al Qasimi, and Honorary Chaired by His Highness Sheikh Nahyan Bin Mubarak al Nahyan, is a GCC-based, private sector-led, not-for-profit organization set up to foster a corporate culture of transparency, accountability, good governance, and best business practices in the Arab world. It is a growing regional network of business leaders committed to driving joint action, exhibiting positive leadership, and sharing knowledge and experience.

Dubai SME, the agency of the Department of Economic Development (DED) entrusted with the development of the small and medium enterprise (SME) sector, has also led the way in advancing corporate governance reform in the SME sector. They recognize the great potential in the local SME sector to

accelerate their growth to globally-oriented firms, employment creation and new market development. To aid them in the process, Dubai SME partnered with **Hawkamah**, the Institute for Corporate Governance, to develop the Code of Corporate Governance for SMEs, as well as a Guide to Execution with the overall objective to encourage SMEs to engage external auditors, adopt the International Financial Reporting Standards (IFRS) of accounting, and develop a governance code to define relationships between management, employees, partners, suppliers and board of directors. The guide lists key steps to be taken in implementing corporate governance based on the nine pillars, which are: adopt a formal corporate governance framework; conduct a succession planning process; establish a timely and open flow of information; set up a formal board of directors; develop a clear mandate for board of directors; maintain a credible book of accounts; set up an internal control framework; recognize the needs of stakeholders; and formulate a family governance framework. Dubai SME has also developed the **Dubai SME100 Ranking** as a platform to identify promising SMEs that can be groomed into high growth investable companies which can impact smaller firms to adopt good governance as part of their growth strategy.

The UAE has a vested interest in ensuring good practice in corporate governance, as an essential element in the promotion of prosperity and economic growth and will need to continue to implement effective growth-enhancing governance capabilities to achieve sustainable economic growth and development. While the general importance of corporate governance has been established, knowledge on specific issues is still weak and it is important to realize that enhancing corporate governance will need to be based on identifying gaps and implementing localized solutions and efforts. As such, the progress with corporate governance reform greatly depends upon local capacity, in terms of data, people and other resources. Concrete steps need to be taken to promote good governance practices and strengthen governance for sustainable development in the UAE.



Qais Sedki,
Pageflip Publishing Founder

Qais Sedki?, said the voice at the other end of the phone.

'This is the Sheikh Zayed Book Award'. I tried to prepare myself for either a "hard luck" or "you won". So the person goes and says: "I wanted to be the first to congratulate you..."

I do not even know what he said after that, I started crying like a baby, it was a very emotional moment."

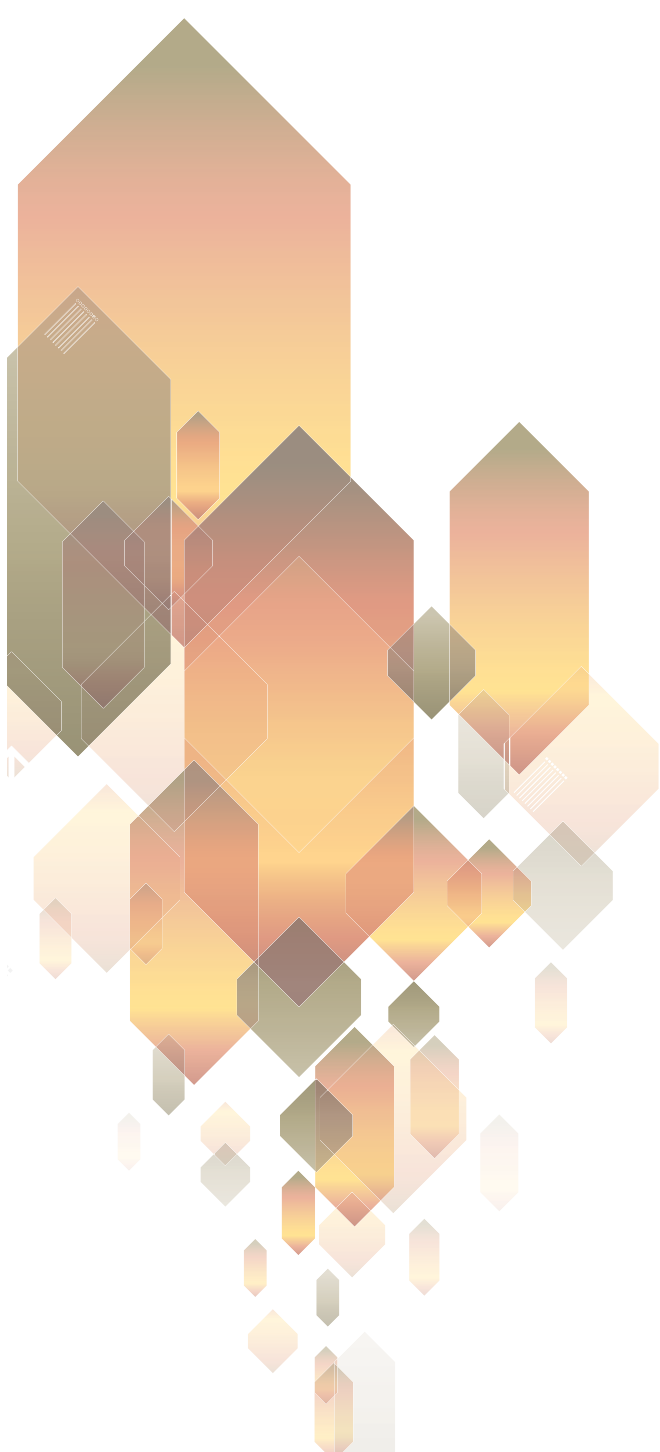
EMIRATI ARTIST INTEGRATING CULTURES

Such describes the moment when Qais Sedki first learned he was the recipient of the Sheikh Zayed Book Award for children's literature. Qais had created Gold Ring, the first classical Arabic graphical novel in an authentic Japanese Manga style. Gold Ring is also the first series title under PageFlip publishing brand, Qais's own company. What a noteworthy achievement for a young Emirati entrepreneur; how did it happen?

Thirty-five year old Qais Sedki is passionate about his goals and dreams of inspiring young Emiratis to read by producing local original content in classical Arabic, and using Japanese manga format which they find appealing. His satisfaction comes from the positive feedback he received from parents who had never seen their kids read Arabic books before reading his Arabic manga-style content.

Qais was head of data communications at Dubai Police and then later worked for Emaar at the Group IT level when, driven by his passion for art, he finally quit to become an entrepreneur. Qais established his own independent publishing company in 2007 in Dubai. Pageflip Publishing, <http://www.pageflip.ae/>, and today he aims to encourage young Arabic speakers to read more in their own native language through the publishing of localized original Arabic content.

In the long run, Qais expresses a definitive zeal towards addressing the deficiencies in the system in relation to both graphic illustration and writing. Particularly, he seeks to "establish some form of mentoring system to professionally teach aspiring artists to illustrate". Qais is also excited about other possible revenue sources, such as merchandising. "If we can find other ways to use the intellectual property, it will bring us closer to profitability." to buy products and create new markets.





UNLOCKING ENTREPRENEURSHIP THROUGH EDUCATION

It is widely recognized that entrepreneurial activity is a key driver of economic growth, employment, innovation and productivity. As a positive correlation is evident between economic growth and entrepreneurship, there is also an important link between education and venture creation as well as entrepreneurial performance. To the extent that Entrepreneurship education can be a significant societal change agent, a great enabler in all sectors, which can provide a greater supply of entrepreneurs and higher levels of entrepreneurial performance. Not everyone needs to become an entrepreneur or intrapreneur to benefit from entrepreneurship education, however all members of society (whether public or private, academia, and non-profit sectors) need to be more entrepreneurial to facilitate the development of an entrepreneurial society with effective ecosystems that encourage and support an entrepreneurial culture. Entrepreneurship is not just about starting your own business but it is about a way of thinking and behaving that can be applied in different contexts. We need to build a stronger culture of entrepreneurship and entrepreneurial mindsets where our youth can have the ability to think positively, to look for opportunities to make things happen, to have the self-confidence to achieve their goals, and to use their skills to build a better society both economically and socially. Building an entrepreneurial society involves everybody and both the education system and media play an important role in promoting positive attitudes toward entrepreneurship.



THE ENTREPRENEURSHIP LEARNING CENTER (ELC)

An Entrepreneurship Learning Center (ELC) is an initiative which entails a specialized school facility which promotes entrepreneurial teaching and learning across the curriculum of all subjects and all grades K-12. It aims to provide hands-on coaching and pedagogy that develops entrepreneurial skills; encourages entrepreneurial thinking (e.g., understand your own perceived levels of risk tolerance through working in teams); and facilitates transformational teaching that inspires students to improve and transform social, environmental, educational, and economic conditions as entrepreneurs for the future workplace. The main purpose is to provide the framework and incentives to help students understand how to convert their ideas into thriving opportunities.

An ELC might be set up in a classroom or a specialized hall, or even in a dedicated area at the school library. Having fun, vibrant colors and furniture, and dynamic interactive components, the size of the ELC and the nature of its stations should be adaptable to fit the exact needs and constraints of the community served by the ELC. A typical ELC, for example, may have a seating area, a play area, IT resources and a media library. As students' entrepreneurial learning deepens, the ELC may expand to include:

- *Virtual simulation center including graphic immersive technology*
- *Research center - books, newspapers, research journals, etc.;*
- *Think tank center - a place to carry out some entrepreneurial activities or exchange and discuss entrepreneurial ideas.*

At the ELC, students can come to watch films on international and Emirati entrepreneurs, play games and activities that promote creativity, and use resources for immersive entrepreneurial learning activities, etc. Teachers can take advantage of professional development opportunities to build their knowledge and skills for integrating principles of entrepreneurship into their subject curriculum.

The learning outcomes for the ELC will be appropriately differentiated according to the grade level of the students. Younger students can engage in learning activities to learn the building blocks of entrepreneurship, such as creativity, innovation and problem solving; older students can engage in activities to more explicitly achieve the learning outcomes of the entrepreneurship curriculum. At the core of the ELC concept is the ability for teachers to integrate entrepreneurship thought in all subjects and for students to engage in practice-based pedagogies of entrepreneurship. These include developing business ideas through course assignments, games and simulations, design-based thinking, and reflective practice. The target is to have one in every school branded the same, in order to promote awareness about entrepreneurship across schools and communities, i.e. a systemic approach. The key benefits to students can include:

- *Developing their business ideas*
- *Building entrepreneurial skills*
- *Transforming ideas into an enterprise*
- *Networking with the like-minded and experienced and successful entrepreneurs*

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Tamu Al-Islam, Zulfa Shahin Ibrahim Fadl

Since building an entrepreneurial society is both a current need and an investment in the future, entrepreneurship education should address both the youth and adults, by reaching out to them through the education system at all levels in a life-long learning perspective (primary, secondary, higher education, vocational training). Entrepreneurship should be embedded into the education system at all levels from primary to university and within vocational institutions as this can greatly benefit our youth in acquiring a broad set of lifelong competencies that can bring greater individual, social and economic benefits. Through entrepreneurship education we can help develop an entrepreneurial culture in which individuals can develop essential skills such as creativity, innovation, showing initiative, risk-taking, business knowledge, and a sense of responsibility, as well as the ability to plan and manage projects in order to achieve objectives. An entrepreneurial mindset can help entrepreneurs transform their ideas into action and also significantly increase their employability and life chances.

Building an entrepreneurial society requires a major pedagogical reform with new ways of thinking and active teaching methods. Growing the availability of entrepreneurship education in the UAE implies substantial changes particularly in supporting the new role of teaching professionals across educational institutions (including universities) in the UAE. This change entails developing the support systems that teachers need to educate, to share experiences, to provide culturally relevant entrepreneurship curriculum, and pedagogical development training, and to give access to good practices and high quality teaching materials. It also means helping educators or trainers at all levels to develop wide ranging networks which link them into the resources available in the public as well as the business community. We need entrepreneurial teachers at entrepreneurial schools and universities to cultivate and nurture a new generation of entrepreneurial leaders.

In recent years, public education in the UAE has undergone a remarkable transformation at the Federal, Emirate and local levels, reforms have been enacted to improve student academic performance and provide parents with more educational choices. Many of these reforms have been aimed at encouraging creativity, leadership and entrepreneurship, through the deployment of genuinely new approaches to learning. However, much of the entrepreneurship education practice tends to be ad hoc, varying in quantity and quality, and is not treated systematically in the curriculum. The availability of entrepreneurship education particularly at the primary and secondary levels to date has typically depended on the enthusiasm and initiative of

individual teachers and schools, and the support networks they themselves have developed. At the University level, there are a number of programs and initiatives that have been developed to foster an entrepreneurial culture among the youth. However, there is much more that needs to be done to integrate entrepreneurial skills into the UAE education system at all levels as an integral part of the curriculum.

Educational institutions, aware of the importance of developing entrepreneurial potential, need to focus on equipping students with the skills and understanding to contribute to business creation and to innovation within the organizations they join, through the provision of transferable skills. At the primary levels, activities should be developed to stimulate active involvement of pupils, personal initiative, creativity and risk taking. At the secondary level, activities should aim to promote economic awareness and introduce entrepreneurship education with simulation and mini enterprises. At Universities, entrepreneurship education and venture creation should be available to all students to unleash their entrepreneurial potential which can in turn increase their employability and foster their innovation skills.



BEYOND THE PITCH

Beyond the Pitch (BTP) is an initiative which provides innovative entrepreneurship teaching programs that inspire Emirati students to find their paths to success. The mission is to improve the teaching of entrepreneurship in the United Arab Emirates through the use of an innovative approach which can help Emirati students gain the skills needed to recognize and exploit opportunities. The program works closely with educators in middle and high schools to engage students in learning, introduce them to business concepts, guide students to recognize business opportunities, and plan for a successful future.

Beyond the Pitch provides entrepreneurship programs have the potential to foster an innovative entrepreneurial culture within the UAE context and involve the following:

- *Highly Academic Curriculums: BTP certified teachers guide students through the program curriculums. Lessons include the concepts of competitive advantage, ownership, opportunity recognition, marketing, finance, and product development. The program integrates math and literacy skills and opens discussions and communications through social media.*
- *Fieldtrips, Games and Experiential Activities: bringing learning to life through fun and experiential games including:*
- *Buy and Sell Events: students are*

given funds to buy, re-price and sell products for a profit.

- *Innovative Games: students take various simple items to devise an invention and present it to the class.*
- *Community Needs: Students speak with business owners in the community to learn how to identify opportunities and competitive advantage.*
- *Competitions: Each student comes up with an idea for a business and works throughout the course to prepare, present, and defend a business plan in an Emirates-wide competition*
- *Elevator Pitch: Students explain their business to a potential investor through the Rocket Pitch program. This helps students to turn their idea into an actual business.*
- *Internships: The program supports active-learning through sending students to supervised practical training. Students are being mentored by some of the nation's most successful business leaders and entrepreneurs running emerging growth companies in the UAE and international countries.*
- *Professional Support: BTP can assist young entrepreneurs beyond their schooling by providing counselling, facilitating online forums for idea sharing, and lobbying for sabbaticals for professionals who wish to test the entrepreneurial waters.*

Contributed by: Hend Jumaa, Stuart Peacock, Farah Hassan, Mariyam Al Obaidali, Muna Baswaid

INJAZ-UAE, a well-known youth development organization in the UAE, is a great example of an initiative that supplements the current educational system with entrepreneurship education programs, working with the private and public



sectors to empower youth to develop their own skills to become more competitive and to create their own businesses. Through their programs, they connect corporate volunteers to mentor youth (ages 11-24), which prepare students at various educational levels, from primary to school to the university level, to enter the world of work and succeed through interactive, impactful and practical mentoring sessions. Volunteers undergo an orientation and training before they start their experience to enhance their mentoring sessions and readiness to inspire today's youth. To date, INJAZ-UAE has reached over 15,000 students since 2005, through 1500+ volunteers at 43+ schools and universities. They have been actively involved in encouraging creativity, innovation and promoting entrepreneurial and employability skills amongst the youth of the UAE.

Another area in which entrepreneurial education can provide great value is vocational training through programs that address the current labour market changes. Investments by the Federal and Emirate level governments in key sectors such as Aluminum, Aerospace and Tourism can provide unique opportunities for Emiratis to establish niche companies to support the many anchor companies that these investments have created. These new industries require new skills that can be attained through vocational training institutes and apprenticeships. Entrepreneurial skills together with vocational and technical skills can provide the necessary impetus to lead youth to self-employment, economic self-sufficiency, and increased employability.

Entrepreneurship education may mean different things to our educators – from primary schools to university, from vocational institutions to higher education institutions. However, one thing is for sure, we believe that the entrepreneurial capacity of our youth and the citizens of this country can enhance the economic and social well-being of the nation. The benefits of entrepreneurial education are multifaceted as such learning can awaken the entrepreneurial spirit from a young age and foster an entrepreneurial mindset, enhance creativity and innovation, and a positive attitude towards independence, risk-taking and learning from failure. As attitudes and cultural references take shape at an early age, entrepreneurship education can play a key role in shaping the mindsets of young people, enhancing entrepreneurial capabilities, and providing lifelong learning that can also be used in areas other than the business world.

Both practitioners and scholars are well aware that educational policy can establish the foundation to nurture entrepreneurship, but the actual landscape on the ground within which educational innovators must manoeuvre has received little systematic and progressive attention. Entrepreneurship education is now a part of the national strategy in most countries and a number of countries

(such as Norway, Finland Denmark) have already recognized the benefits of an entrepreneurship education strategy and have successfully implemented policies to ensure that all students receive some form of entrepreneurship education during their formal schooling years. In the UAE, however, there is no specific national strategy for entrepreneurship education in general education, despite some good initiatives at all levels.

We believe that fostering a new entrepreneurial culture in the UAE requires a clear coherent overall strategy for entrepreneurship education across the full breadth of our education system. Fostering a new entrepreneurial culture in the UAE, in which we encourage the nation's youth to become innovative, well-educated entrepreneurial citizens, requires an effective implementation of a comprehensive, collaborative entrepreneurship education strategy embedded across all levels of our education system. The development of a common long-term strategy for an entrepreneurial society also requires a coordination of Federal as well as local governments and the active participation of social partners and all relevant stakeholders. It is within this overall aim that this chapter presents four different but coherent initiative proposals and key recommendations contributed directly from professionals in the UAE education field.

ENTREPRENEURIAL LEADERSHIP DEVELOPMENT (ELD)

ELD is an initiative which can serve as one answer to shaping entrepreneurial leaders for the future through the reorientation of the educational curriculum. By working together management educators have the opportunity to develop the next generation of entrepreneurial leaders who will shape social and economic opportunity across diverse contexts.

There is a need to implement an innovative and creative approach to learning entrepreneurial skills to enable our students to achieve key learning points. These can include:

Making movies about successful entrepreneurial role models. The cast of these movies will be some of the students themselves with a scenario that will explain more and more, the benefits

of entrepreneurship and emphasize the advantages and values of increasing the number of entrepreneurs in our local community;

Creating a TV program (i.e. "The Young Entrepreneur") to create awareness and inspire students to consider entrepreneurship as a career path;

Hold live interviews with real entrepreneurs from the local context, including student parents, which can personify practical successful experiences of entrepreneurship to the students;

Involve students in real small business with innovative and unique ideas to reduce the students' feeling of unfamiliarity with entrepreneurship concepts and principles.

Contributed by: Majdi Ammar, Fatima Alswaidy, and Wael Hassan

UAE EDUCATIONAL ENTREPRENEURSHIP POLICY

How can effective policy influence entrepreneurship in education? How should wider measures be developed to facilitate the transfer of knowledge and application of entrepreneurship within the education community? And how can we develop teacher trainers/educators so that they can better support learning development in relation to entrepreneurship for UAE citizens? With these questions in mind, a focus group workshop on “*UAE Educational Entrepreneurship Policy Design Thinking*” was conducted in Autumn 2012 at Zayed University, Abu Dhabi to delve into the topic and identify the key challenges and possible recommendations. The focus group consisted of 20 participants from various organizations from UAE’s educational sector (including representatives of Federal/Emirate level government agencies such as: the Ministry of Education, Abu Dhabi Education Council (ADEC); leadership from both secondary and higher education institutions, as well as international education providers in the UAE (including INSEAD, NYU Abu Dhabi, and Sorbonne University Abu Dhabi).

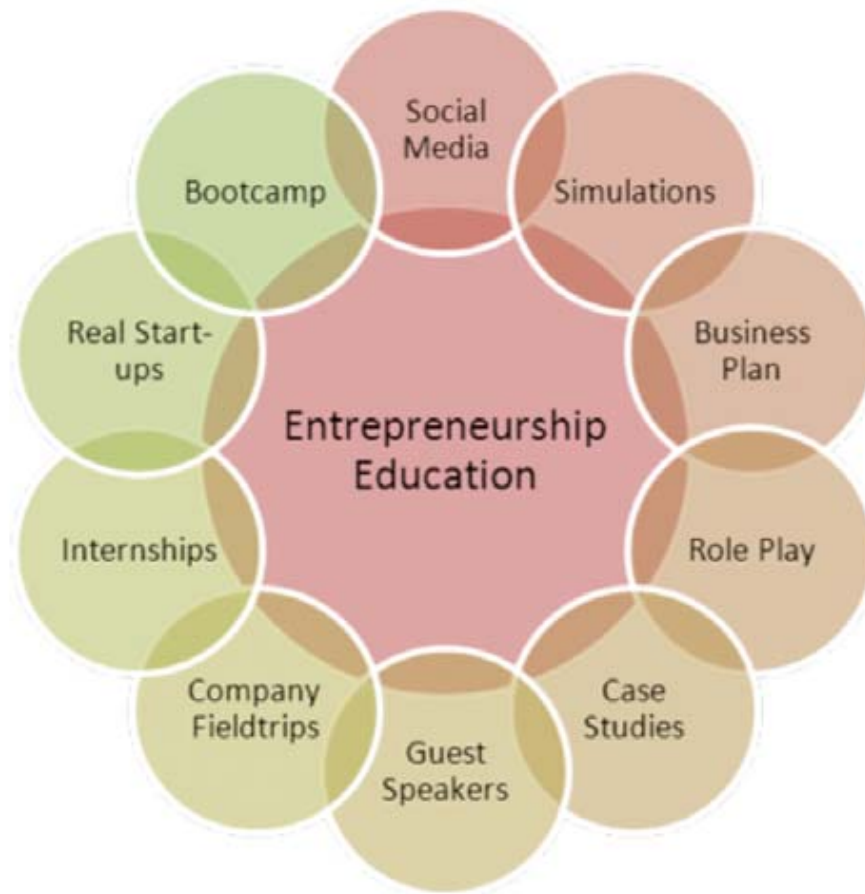
The focus group provided an ideal platform to gain access to relevant policy makers, and service providers in the UAE’s education sector, many of whom are Emirati and all of whom are concerned with educating future generations. The objective of the meeting was to exchange knowledge and experience on education for entrepreneurship, and employ design thinking principles with the aim to:

1. Highlight and raise awareness of the importance of entrepreneurship education in spurring economic growth and achieving the UAE 2021 and Abu Dhabi 2030 vision.
2. Consolidate existing knowledge and good practices in entrepreneurship education to enable the development of innovative new tools, culturally relevant approaches and delivery methods for UAE educational providers.
3. Provide recommendations and proposals to government, academia, the private sector and other relevant actors across the UAE on the development, implementation and delivery of effective education programs for entrepreneurship with the involvement of key stakeholders.

Figure 7 illustrates a summary of the proposals developed that serve as a “Call for Action” for policymakers, with the goal of raising awareness about the importance of entrepreneurship education, the role of education professionals and their involvement, and the need to address it through multi-stakeholder partnerships.



Figure 7 Learning Tools for Entrepreneurship Education



While this book lays out a variety of steps that can be taken to develop and embed entrepreneurship education in formal and informal education systems, the authors and contributors encourage public and private sector leaders to take a revolutionary rather than an evolutionary approach. The overall contributions of entrepreneurship education to the creation of entrepreneurial qualities particularly among the youth cannot be overemphasized. Entrepreneurship education is highly needed to build entrepreneurial human capital for the UAE society of the future. We need to encourage a more entrepreneurial culture and develop the necessary skills, attitudes and behaviours to prepare young people and others to pursue entrepreneurial opportunities and we also need more entrepreneurial institutions and societies, all of which cannot be achieved without the active participation of educators, entrepreneurs and innovators in the UAE. The subsequent recommendations exemplify the intention to have entrepreneurship become a culture and a mindset in the education system and in society as a whole.



When Fred Smith created Federal Express in 1971, few thought it was possible to ship a package overnight without paying a fortune. Smith had a vision for an express delivery service that would operate differently than the current postal system, and would also light a competitive fire under the sluggish U.S. Postal Service. Most everyone thought what he wanted to do was impossible—even the professor who gave him a C on the paper he wrote outlining the concept

as an undergraduate at Yale University, allegedly noting, “The concept is interesting and well formed, but ... the idea must be feasible.” Federal Express went on to become a successful shipping company that changed customer expectations by demonstrating that overnight delivery was possible. And the Postal Service responded by introducing similar services much more quickly than they would otherwise have done.

KEY RECOMMENDATIONS:

1. **Link Academia to Public and Private Sector:** The UAE education system (across all levels) should incorporate active teaching methods and develop a closer relationship with society. Governments both at Federal and Emirate level should create a framework that will allow the private sector to help educational institutions to define, deliver, and evaluate education or training programs that foster innovative and entrepreneurial mindsets. Representatives of key business or professional associations, alumni organizations as well as social ventures can play an active role in this respect.
2. **Integrate Entrepreneurship into Education System:** Starting as soon as possible and from primary school, activities should be developed to stimulate active involvement of pupils, personal initiative, creativity and risk taking. Programs in the secondary education should aim to promote economic awareness and introduce Entrepreneurship education with role model based case studies, simulation and mini-enterprises, through experiential learning. E-content in curricula and the utilization of ICT resources and tools can also be instrumental in enriching the different development skills of the learners.
3. **Develop Entrepreneurial Skills for 21st Century:** In post-secondary college or vocational schools, programs should address labour market changes as well as the diversification of the UAE economy and target a population that is the most likely to be self-employed or involved in small

businesses. In universities, entrepreneurship education and new venture creation programs should not be limited to students in business or social sciences, but should tap the entrepreneurial potential of all students to increase their employability and to promote innovation. Entrepreneurship education cannot just be focused on specific demographics but each societal group needs specific programs and initiatives tailored to their needs. Also, Emiratis working in the public sector need to have access to training programs to increase intrapreneurial activity across government organizations.

4. ***Increase Media Support:*** Significant efforts should be devoted to reaching the general public, students and parents to inspire and create awareness on entrepreneurship. Television represents a powerful media that can serve as a pivotal tool in cultivating an entrepreneurial culture. The new media through portal such as the internet (i.e. social media) are also crucial and if effectively leveraged can achieve significant positive impact. Communication should aim at a broad audience. Different formats are possible (movies or documentaries, success stories, competitions, cartoons, etc.).
5. ***Enhance Pedagogical Reform:*** Building an entrepreneurial society requires major pedagogical reform with new ways of thinking and active teaching methods. This will bring the education system closer to the current and future needs. Teachers should be supported and incentivized by educational and training programs addressing both content and delivery issues including the emphasis of experiential learning methodologies in the delivery of entrepreneurship education.
6. ***Build Conducive Entrepreneurial Ecosystem:*** Building an entrepreneurial society involves all relevant stakeholders. An important role is played by the education system and the media in promoting positive societal attitudes towards entrepreneurship. Support programs benefiting journalists and media professionals could promote a balanced view of entrepreneurship.

The recommendations described above help to shed light on a new era of accountability in building a true entrepreneurial and innovative society, and offer policymakers and leaders in education both the means and the incentives to embrace educational innovation to transform UAE society with an active entrepreneurial mindset. The major policy impediment to

achieve such milestone have to do with the lack of human capital – that is, an insufficient number of administration, teaching and research professionals in entrepreneurship across UAE. The following sub-section below explores the specific ways in which federal and local level policies could facilitate the growth of support systems and entrepreneurial provisions within the education sector.

1. ***Entrepreneurship Education as a Policy Agenda at the Federal and Emirate Levels*** : To generate meaningful commitment from various government agencies and stakeholders to the entrepreneurship education agenda, and in particular to ensure more concerted interfaces between education and economic policies (such as UAE 2021, Abu Dhabi 2030 Vision) at both the Federal and local level, a UAE national commission on entrepreneurship education should be drawn up to reinforce the coordination on entrepreneurship development, employment, national competitiveness and innovation.
2. ***Provision of Information and Public Awareness:*** Actively promote public awareness and understanding of entrepreneurship, disseminate good practices, and coherent national information campaigns (e.g. UAE Entrepreneurship Week). Information is a critical antecedent of consensus generation and engagement, a more systematic effort is recommended to ensure that teaching professionals across UAE educational sector is aware of and understand why entrepreneurship is important, and how education could play a major role.
3. ***Enabling Teachers:*** Ensuring both financial and non-financial incentives are built into the teacher's professional development (such as training, research autonomy, international networking) as teachers are the main implementation agents for entrepreneurship education. An entrepreneurship help desk or resource center at both the Federal and Local level for teachers is a critical foundation for building a community of knowledge-sharing and peer support. Teachers should be encouraged and motivated to develop entrepreneurship pedagogical and learning tools through national funding opportunities, coaching and shadowing, teacher placement in real small business environment.
4. ***Bottom-up Approach for Innovation and Transformation:*** teacher development needs to be addressed at an institutional level, as the ultimate reference for capacity building. Partnerships and networking through school-



based communities involving key stakeholders (such as teachers, senior administrators, parents, student representatives, local businesses, youth organizations, etc.) determining collective arrangement for entrepreneurship learning, practice, and development.

5. ***Platform for Pan-GCC Entrepreneurship Education:*** Consideration to medium to longer-term developments through the development of a GCC-wide network of partnerships working through a dedicated Gulf region platform with options to extend to GCC's neighbouring regions, and beyond. Such a platform can promote the exchange of experience and transnational initiatives involving students, teachers, and senior administrators, as well as collaboration for research, curriculum, teaching and learning materials, etc. The UAE is uniquely positioned to take on a leadership position. The Arab League Educational, Cultural and Science Organization (ALESCO) can play an important role in supporting the integration of Entrepreneurship Education at all levels in the education system of the GCC countries and the Arab world.



ENTREPRENEURSHIP LEARNING BOOT-CAMP

The Entrepreneurship Learning Boot-camp is an initiative which involves an intensive program for two weeks duration where students will be engaged in a continuous learning process which can be considered as a foundation program aimed at preparing undergraduate students to be successful entrepreneurs. The program is to be conducted by experts in the business field who will offer students a vast variety of hands-on activities, and fun learning. Each activity is designed to achieve various objectives which help students to gradually develop from beginners to professionals. The assigned experts will act as both facilitators and mentors in order to ensure the smooth running of the activities and the program as a whole.

An example of an activity is called, "Entertainia for less", which requires students to do the following key steps:

- Write a proposal plan for special ticket discount to any of the entertainment places;*
- Develop a business plan that describes the number of students at the school and survey data that indicates how many students would visit a venue if they received a discount;*
- Present the discount business plan to marketing representatives at the venue, with the goal of obtaining a substantial discount and profit gained.;*
- Students will then be assessed on their ability to gain the substantial discount and how they will work with the schools and the marketing representatives to get the work done.*

This activity aims at developing systematic innovation in a purposeful way and

learning the systematic analysis of the opportunities. Through this type of activity can teach students can learn the following skills:

- Negotiating, dealing, and leveraging their collective buying power;*
- Writing a business proposal;*
- Developing business plans and studying the shortage in the market;*
- Developing communication skills;*
- Creating a real business;*
- Developing team collaboration skills; and*
- Stimulating creativity and critical thinking*

A competition can be conducted in which students can be asked to write a proposal of a real business that they wish to start. The winning group can be supported financially and mentored to open its business. This program can inspire entrepreneurial mindsets and provide an experiential learning opportunity that can widen the student's horizons and explore latent talents. The program can also be instrumental in alleviating fear by instilling a sense of self-confidence.

This program can be considered as a baby step which provides awareness about entrepreneurship because entrepreneurship is still a new idea introduced to the UAE educational culture and to advocate for its dispersion. It is a good start with undergraduate students entwining with the contribution of the intellectual capital of investors and funders who can add value to their experience and insight into overcoming challenges and maximize their potential success.

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CONCLUSION AND KEY POLICY IMPLICATIONS

Globalization and the shift towards knowledge as the source of competitiveness have rendered traditional policy instruments less effective (Gilbert et al., 2004). Traditional policies may fall short in offering a complete perspective on the relevant issues, root causes, and potential solutions to addressing today's key economic challenges. As the UAE transitions itself into a knowledge based economy, there will need to be a shift towards sustainable development policies that focus on integrating entrepreneurship and innovation policies, as both are viewed as relevant catalysts to unlocking higher levels of economic growth.

Entrepreneurship has never been more important than it is today in light of global economic turbulence. At the same time, society faces tremendous global challenges that extend well beyond the economy. Innovation and entrepreneurship provide a way forward as a potential solution to resolve the challenges of the 21st century, by building a sustainable and cohesive society, creating employment, invigorating economic growth, developing technological innovation, and advancing human welfare. For entrepreneurship to be able to fully contribute to economic growth and development, its importance will need to be further acknowledged in innovation as well as entrepreneurship policies. To achieve and become a true entrepreneurial nation, UAE policy and regulatory environment will need to lead and support transformational change in the initiation, growth and performance of Emirati entrepreneurs as well as developing key strategic targets that should be set against which progress may be monitored, to address the key challenges faced by the UAE today.

This book highlights the multifaceted and dynamic nature of entrepreneurship in the UAE with a focus on measuring entrepreneurial activity among Emirati citizens and examines policy implications towards enhancing the level of entrepreneurship and innovation activity in the UAE. Overall, total entrepreneurial activity (TEA) rates in the UAE displayed downward trends across the Emirati population. The difference between male and female TEA rates continues to persist though with a reducing gap. Women entrepreneurs may not be sufficiently empowered or supported to allow them to contribute to new business start-ups. The reasons may include cultural and societal attitudes and access to resources and opportunities. Policies that can promote societal attitude changes, and train, support and encourage women entrepreneurs will promote inclusiveness and fuel economic growth.

The UAE can benefit from the entrepreneurial energy of people across the age groups. Individuals of all ages can create jobs and income for themselves and others when there are opportunities to do so, and when there is an undersupply of employment options. Their entrepreneurial efforts may reflect unique orientations and resources, such as fresh ideas, risk tolerance and technology savvy of the young, and the experience, networks and credibility that comes with maturity. Younger entrepreneurs, however, will likely require different support programs compared to older entrepreneurs.

The book examined key aspects of entrepreneurship among Emiratis, measuring their attitudes, activities, and aspirations and making comparisons, which contributes to the emerging knowledge about Emirati Entrepreneurs and we believe that the findings can provide policy makers with a foundation for reviewing current and prospective policies in order to enhance and highlight the vital role of Emirati Entrepreneurs in the economy. To conclude this study we have highlighted several key findings and key policy implications. Among the book's key findings:

Emirati Entrepreneurial Activity:

- Total entrepreneurial activity (TEA) amongst Emiratis fell over 50% from 2009 to 9% - indicating that less than one in ten Emiratis were involved in entrepreneurial activity in 2011.
- 82.5% of Emirati entrepreneurs are employed in addition to their entrepreneurial activity.
- Emiratis from the Northern Emirates have more positive prospects towards entrepreneurship as they expect to startup a new business in the next 3 years.
- Emirati entrepreneurs owning established businesses fell by more than two thirds to 3% from 2009.
- 4.5% of Emirati entrepreneurs discontinued their businesses in the 12 months preceding fall 2011; nearly 40% cited unprofitability and another 20% mentioned problems with raising financing.
- Emirati entrepreneurs seek advice most often from family (76.7%) and friends (82.8%) in their personal networks – although only 15.4% receive advice from their spouse. Professional advisory networks such as Bankers (10%) and lawyers (10%) were among the least consulted.



Emirati Entrepreneurial Profile:

- Emirati Entrepreneurs are predominantly male aged 25-34, employed, from a household of 1-2, with higher income level of above AED 20,000 monthly income, with post-secondary education.

Emirati Entrepreneurial Attitudes:

- Emiratis have positive attitudes towards entrepreneurship with nearly nine in ten Emiratis that perceive there is adequate media attention on entrepreneurship and four in five Emiratis that perceive entrepreneurship is a good career choice.
- Many Emiratis (60.6%) see good opportunities to starting a new venture in the next six months, but only 50% of Emiratis surveyed believe they have the necessary skills & knowledge necessary to start their own business – the lowest among all the nationality groups.
- Fewer Emiratis (one out of every twenty) were actively involved in start-up efforts.
- The primary motive for every two out of three Emiratis to start new ventures in 2011 was a desire to increase personal income.
- One in three Emiratis surveyed indicated that fear of failure would prevent them from starting a business, although this represents a sharp decrease from 2009 when over one in two indicated the same.

Entrepreneurial Aspirations:

- Low job growth expectations with only 3% of established business owned by Emiratis expect to hire 10 or more people in the next 5 years.
- UAE ranked number one among innovation driven economies with most internationalized entrepreneurial activities in 2011, but rates for Emirati entrepreneurs were lower, especially among high-intensity export firms.

The key findings of this book suggest that the Emirati entrepreneur is driven by opportunity, rather than driven by a need for gainful employment. If these opportunities for entrepreneurship and innovation are to be captured, the UAE needs to instil opportunity-based motives and entrepreneurial incentives. Secondly, the entrepreneurial capacity of Emiratis is based on individuals with the ability and motivation to start businesses that may be strengthened by positive societal perceptions about entrepreneurship. Entrepreneurship

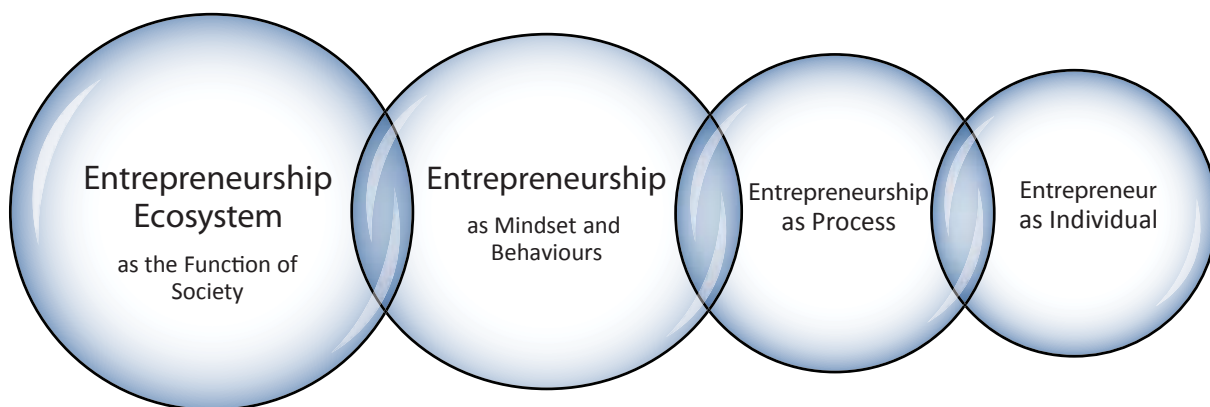


benefits from participation by all groups in society, including women, youth and elders, having different education levels and from all of the Emirates and regions of the UAE. Finally, high growth entrepreneurship is a key contributor to new employment in this innovation-driven economy, in which national competitiveness highly depends on innovative and internationally focused entrepreneurial ventures. These key findings can help policy makers craft their plans to aid and nurture the Emirati entrepreneur, male or female, youth or retiree, to realize their full entrepreneurial potential and contribute to the growth of the UAE as a dynamic diversified and vibrant knowledge-based economy.

To increase both entrepreneurial and intrapreneurial activity among the Emirati population will mean addressing many challenges that these potential and current entrepreneurs face. Building on the results of the GEM research, interviews, focus groups and case study development, the authors have put forward their own recommendations as to the measures required to increase entrepreneurial activity and maximize the number of new enterprises that can achieve high growth.

While the economic and social benefits of thriving entrepreneurship and innovation are evident, it is critical to recognize that these benefits will only accrue if key challenges and gaps are addressed. We have highlighted our recommendations based on the framework of entrepreneurship as four interlocking components (Figure 8): the support of the entrepreneurial ecosystem, the attitudes and beliefs of society towards entrepreneurship, the process of entrepreneurship, and the individual as an entrepreneur him or herself.

Figure 8 Interlocking aspects of entrepreneurship



1. ENHANCE UAE ENTREPRENEURIAL ECOSYSTEM

The Entrepreneurship Ecosystem can be defined as the elements – individuals, organizations, institutions – apart from the individual entrepreneur that are conducive to, or inhibitive of, the choice of a person to become an entrepreneur, or the probabilities of his or her success following launch. In July 2010, the Harvard Business Review published an article by Babson Global Professor Daniel Isenberg entitled, “How to Start an Entrepreneurial Revolution,” in which he describes the environment in which entrepreneurship tends to thrive is within an ecosystem that consists of six key domains: a conducive culture, enabling policies and leadership, availability of appropriate finance, quality human capital, venture-friendly markets for products, and a range of institutional and infrastructural supports.

Ecosystems are inherently local and unique but can be complex and interdependent comprising several key components. While national policies shape the economy in profound ways, the institutions and activities of regions differ. Indeed, multiple actors that share an interest in entrepreneurship – large firms and organisations (e.g. banks, large scale manufacturers), government entities, educational institutions, community non-profits, etc. – must come together to enrich the ecosystem. Entrepreneurs have a key role to play in the economy of the 21st century which requires the strengthening of the UAE Entrepreneurial ecosystem to foster and nurture an entrepreneurial culture characterized by innovation, acceptance of failure and calculated risk taking, favourable attitudes towards entrepreneurship, and encouragement of entrepreneurial aspirations. Through strategic and visionary planning and collaboration of all the relevant stakeholders, the UAE can foster a thriving entrepreneurship ecosystem as a way forward in achieving sustainable economic development with the following key recommendations:

- ***National Entrepreneurship Policy*** to demonstrate a commitment at the highest level of Government to further strengthen the entrepreneurship environment and develop a coherent approach to its implementation by fostering collaboration among key actors and building on a common ambition for the UAE to be an entrepreneurial society;
- ***Optimize the Regulatory Environment*** to ensure a simplified, clear, transparent, conducive environment to lessen the burden for entrepreneurs to start-up and grow their enterprises

- **Improve Access to Finance** to ensure available finance for each stage of enterprise development from inception to high potential SMEs, including Microfinance and seed funding, venture capital funds and angel investment networks;
- **Reform Insolvency Law** to ensure effectiveness and minimize the “lost entrepreneurship potential” associated with bankruptcy and second chance by distinguishing between honest and dishonest entrepreneurs to address the stigma of business failure;
- **Provide Enabling infrastructures** to foster innovation and incentivize startups by facilitating implementation of science, technology and innovation policy especially by fostering public/private schemes to develop common local infrastructures (R&D centers, specialized Incubators and ICT clusters, Accelerators, Technology parks, Commercialization Assistance.) with increasing investment in innovation and R&D, and incorporating a favourable intellectual property regime;

2. CULTIVATE ENTREPRENEURIAL MINDSET

When we speak about entrepreneurship in the context of the UAE, we are defining it in the broadest terms and in all forms – entrepreneurial activities in established companies, in the public sector, in academia and of course, those who create, launch, and build new organizations. As the UAE is envisioned to become a knowledge based economy, now more than ever, there is a need for innovation, new solutions, creative approaches and new ways of operating. More importantly, people are needed in all sectors and at all ages who have the entrepreneurial mindset and who have the required skills to identify and pursue opportunities.

Building a strong culture of entrepreneurship and entrepreneurial mindsets, particularly among young people is a key component to growth and a must for sustainable economic development and social cohesion. Education and training are key drivers in the process and play an important role in promoting entrepreneurial attitudes and behaviours and entrepreneurial skills that can help young people to develop their capacity to think creatively and to innovate. However, for individuals to be motivated to become entrepreneurs, a culture that respects and encourages entrepreneurship is needed. An entrepreneurial culture needs to be characterized by risk taking, tolerance of failures without making it a stigma, and promoting entrepreneurs as role



models. Multiple actors in the society need to play a role in creating such a supportive culture. Education institutions can impart an entrepreneurial mindset in students and promote entrepreneurship and innovation. Media can also play an important role in developing an entrepreneurial culture by disseminating entrepreneurial success stories. The UAE has chosen to invest in fostering an entrepreneurial spirit to assist it in its goals of creating a diversified knowledge economy. The basis of a knowledge economy, and at the heart of the following recommendations, is an entrepreneurial culture with innovative spirit based on entrepreneurial skills:

- ***Encourage Entrepreneurial Population*** by reaching out to all demographic groups including youth, women, seniors, migrants, and the unemployed to increase their involvement in entrepreneurship and create an enterprise culture.
- ***Incentivize Intrapreneurship*** through the provision of an entrepreneurial culture, management support and recognition for idea generation, high performance work organization enabling value creation, provision of resources, and cooperation in intrapreneurship development.
- ***Support Proactive Promotion of Entrepreneurship*** by leveraging technology and the internet and increasing the role of media through practical and positive communication portraying entrepreneur role models, their achievements, their value to society and Entrepreneurship as a good career choice.
- ***Promote Youth Entrepreneurship*** by identifying the binding constraints facing young entrepreneurs, developing the appropriate interventions, and providing the needed resources to address the barriers affecting youth entrepreneurship through collaborative efforts with the public, private and academic sectors.
- ***Promote Female Entrepreneurship*** by addressing the barriers associated with female entrepreneurs, developing the appropriate interventions, and providing the needed resources aimed at enabling women to achieve an adequate work life balance and increasing the share of women-led ventures.



3. SUPPORT ENTREPRENEURIAL PROCESS

The primary focus of economic development has been to increase and diversify business activity that can create jobs and increased wealth. However, the changing nature of global competition has altered the stakes for policy makers, making it more challenging due to the increased demands of the global competitive environment which demands a more diversified approach to economic development, increasing the relative importance of supporting existing small business and entrepreneurs and establishing the conditions under which innovative, entrepreneurial endeavours can grow. Making the transition from one stage of the entrepreneurial process to another is a challenge for all entrepreneurs as they proceed on their journey from idea generation to venture formation to scaling up of a business. For Emirati entrepreneurs, with ready access to well-paid and secure employment with the government and private industry, the struggles of the first years can be difficult to surmount. Moreover, even after the first few years, the decision to grow is not as easy as it seems, when there are few places or people to turn to for support who have the experience and skills to assist. There are several challenges that can be addressed through a better understanding of the entrepreneurial process itself and the major impediments along the way.

To address these challenges and succeed in supporting the growth and success of entrepreneurial activity, policies will need to focus on creating more better skilled entrepreneurs who are actively engaged in enterprise creation and growth development as well as building stronger, more productive and competitive businesses within a conducive environment in which these new and existing ventures can take hold, grow and flourish. These policies can lead to job creation and wealth creation that lie at the heart of any economic development strategy:

- **Enhance Advisor Network** through an appropriate ecosystem of expertise, resources, networking and advice to support new businesses in crucial phases of their lifecycle and enable them to grow and increase their chances of success;
- **Target High-impact Entrepreneurs** and support their growth aspirations through targeted solutions to enable and nurture high impact growth enterprises with potential for scalability;
- **Support Internationalization of Emirati Enterprise** to increase capacity and effective internationalization through raising awareness

and individualized support which can be achieved through a variety of means to realize that potential;

- ***Attract & Retain skilled workers*** to support high growth ambitions of high growth entrepreneurial activity contributing to achieving the objectives of becoming a knowledge based economy;
- ***Leverage Digital Age Opportunities*** by helping entrepreneurs and SMEs to fully exploit the potential of ICT and new digital technologies in terms of supply and demand;
- ***Facilitate Adoption of Product Quality & Process Standards*** by encouraging participation in the standard-setting process and promoting the adoption of harmonized standards through the provision of information and provision of professional training;

4. BUILD CAPACITY OF THE EMIRATI ENTREPRENEUR

The convergence of globalization, technological innovations, knowledge-based economies and demographic trends has led to an increased focus on the effects and importance of entrepreneurship. In this context, entrepreneurship is a driving force of economic development & diversification, structural change, and job creation. The impact of entrepreneurship on the strategies of educational institutions around the world is widely recognized and accepted and the demand for entrepreneurship programs, courses and activities particularly in higher education is increasing globally as entrepreneurship education is considered today a key competence for all young people.

As the nation strives to be a knowledge based economy based on innovation and entrepreneurship, it will mean becoming a more entrepreneurial society which in turn means that everyone will need to master entrepreneurial thought and action to thrive in the workplace or as an entrepreneur. Building the capacity of entrepreneurs means fostering entrepreneurial mindsets through education and learning at all levels, from primary school to university. We need to adopt a comprehensive strategy to stimulate and embed entrepreneurship into education at all age levels as a primary goal of an Entrepreneurship and Innovation policy, which would entail better integration of entrepreneurship into the education system, ensuring support to schools and teachers, curriculum reforms, increased mentoring and coaching, and increased public-private partnerships. Entrepreneurship in education is clearly important and in order to

enhance tomorrow's welfare, it is essential to invest in our youth today through the following recommendations:

- ***National Policy for Entrepreneurial Education*** to establish a general framework with concrete actions and clear measurable objectives to embed entrepreneurship into education and training at all levels of education in a coherent way including transfer of knowledge related to commercialization of ideas and ensuring STEM (Science, Technology, Engineering, Math) skills are taught;
- ***Enhance Professional and Vocational Training*** to meet the needs and requirements of the 21st century global environment incorporating entrepreneurial competencies;
- ***Ensure Curriculum Development*** to meet the needs of the 21st skills requirement by mandating and effectively incorporating entrepreneurship education into the curriculum;
- ***Ensure Teacher Development*** as they play an essential role in the development of entrepreneurial mindsets by equipping them with the right skills, knowledge and attitudes to be able to provide students with new curricula, pedagogies, new experiences and active learning environments to acquire entrepreneurial competencies and providing teachers with incentives, appropriate resources and support to achieve such impact;
- ***Facilitate Partnership*** with Private Sector by developing sustainable and systematic partnerships with businesses, social enterprises and NGOs to increase knowledge transfer and experiential learning, and leverage specialized expertise and technology to nurture entrepreneurial skills;

What perhaps is the most challenging for policy makers and stakeholders in the UAE is determining what actions or combinations of actions will most appropriately address the salient direct and indirect barriers to achieving higher levels of entrepreneurship and / or innovation. As entrepreneurship is relatively new as a concrete policy domain, systematic approaches to an empirical examination of this are particularly rare. It is our hope that the findings and recommendations of this book could be shared through both National and regional platforms, with the goal of deepening the findings and initiating concrete actions that can advance entrepreneurship development as a critical component for addressing the challenges facing the UAE in the 21st century.

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GLOSSARY

MEASURE	DESCRIPTION
ENTREPRENEURIAL ATTITUDES AND PERCEPTIONS	
Perceived Opportunities	Percentage of 18 to 64 age group who see good opportunities to start a firm in the area where they live
Perceived Capabilities	Percentage of 18 to 64 age group who believe they have the required skills and knowledge to start a business
Entrepreneurial Intention	Percentage of 18 to 64 age group (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years
Fear of Failure Rate	Percentage of 18 to 64 age group with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business
Entrepreneurship as Desirable Career Choice	Percentage of 18 to 64 age group who agree with the statement that, in their country, most people consider starting a business to be a desirable career choice
High Status Successful Entrepreneurship	Percentage of 18 to 64 age group who agree with the statement that, in their country, they will often see stories in the public media about successful new business
ENTREPRENEURIAL ACTIVITY	
Aspiring Entrepreneur	Those who expect to start a business in the next 3 years. The rate is for those in adult population aged 18-64 .
Nascent Entrepreneur	Those actively planning a new venture with some efforts being made in the previous twelve months to start a new venture, that will be at least partly owned by the entrepreneur. The rate is for those in adult population aged 18-64 .
New Firm Entrepreneurs	Entrepreneurs who at least part own and manage a new business that has been in operation between 4 and 42 months and have not paid salaries for longer than this period. The rate is for those in adult population aged 18-64 .
Total Early-Stage Entrepreneurial Activity (TEA)	The TEA refers to all entrepreneurial activity among the adult population aged 18-64 years.

MEASURE	DESCRIPTION
Established Entrepreneurs	Those who are currently owner-manager of an established business and paid salaries for more than 42 months. The rate is for those in adult population aged 18-64 .
Business Discontinuation Rate	Those entrepreneurs who have, in the past 12 months discontinued a business. The rate is for those in adult population aged 18-64 .
Necessity-Driven Entrepreneurs	Those involved in total early-stage entrepreneurial activity who are involved in entrepreneurship because they had no other option for work
Opportunity –Driven Entrepreneurs	Those involved in total early-stage entrepreneurial activity who claim to be driven by opportunity as opposed to finding no other option for work and indicate the main driver for being involved in this opportunity is being independent, increasing their income, rather than just maintaining their income.
ENTREPRENEURIAL ASPIRATIONS	
High-Growth Expectation Early-Stage Entrepreneurial Activity	Percentage of total early-stage entrepreneurs who expect to employ at least 20 employees five years from now.
New Product – Market Oriented Early-Stage Entrepreneurial Activity	Percentage of total early-stage entrepreneurs who indicate that their product or service is new to at least some customers and indicate that not many businesses offer the same product or service
International Orientation Entrepreneurial Activity	Percentage of total early-stage entrepreneurs with more than 25% of the customers coming from other countries

Appendix 1: Global Entrepreneurship Development Index 2010

Rank	Country	GDP*	GEDI	Rank	Country	GDP*	GEDI
1	United States	46436	0.60	41	Peru	8647	0.26
2	Sweden	37905	0.57	42	Lebanon	12962	0.26
3	Australia	39231	0.56	43	Mexico	14337	0.25
4	Iceland	37595	0.55	44	Malaysia	13982	0.25
5	Denmark	36762	0.55	45	South Africa	10291	0.25
6	Canada	37946	0.54	46	Argentina	14599	0.24
7	Switzerland	36954	0.54	47	Tunisia	8284	0.24
8	Belgium	36048	0.50	48	Romania	14198	0.23
9	Norway	55672	0.49	49	Macedonia	10822	0.23
10	Netherlands	40715	0.48	50	Jamaica	7620	0.22
11	Taiwan	31834	0.48		Trinidad and		
12	Singapore	50705	0.47	51	Tobago	25705	0.21
13	United Kingdom	36496	0.46	52	Jordan	5691	0.21
14	Austria	38748	0.46	53	Costa Rica	11122	0.21
15	Ireland	41278	0.46		Dominican		
16	Germany	36449	0.46	54	Republic	8445	0.21
17	Finland	34650	0.45	55	Panama	13091	0.21
18	France	33655	0.45	56	Brazil	10427	0.20
19	Puerto Rico	16300	0.45	57	Venezuela	12341	0.20
20	United Arab Emirates	57827	0.45	58	China	6838	0.20
21	Israel	27674	0.45	59	Algeria	8184	0.20
22	Chile	14331	0.42	60	Indonesia	4205	0.20
23	Slovenia	27004	0.42	61	Morocco	4503	0.19
24	Czech Republic	25232	0.40	62	Russia	18945	0.18
25	Saudi Arabia	23429	0.36	63	Serbia	11612	0.18
26	Korea	27168	0.35	64	Kazakhstan	11526	0.18
27	Uruguay	13208	0.34	65	Thailand	8004	0.18
28	Japan	32443	0.34	66	Syria	4737	0.18
29	Spain	32545	0.33	67	Iran	11575	0.17
30	Hong Kong	45227	0.32	68	Egypt	5680	0.17
31	Poland	19059	0.31	69	Bolivia	4426	0.16
32	Latvia	15442	0.31		Bosnia and		
33	Italy	31909	0.29	70	Herzegovina	8529	0.16
34	Hungary	19764	0.29	71	Ecuador	8282	0.15
35	Portugal	24021	0.29	72	Philippines	3546	0.15
36	Turkey	13905	0.29	73	Pakistan	2625	0.14
37	Croatia	19803	0.29	74	India	3275	0.14
38	Greece	29663	0.29	75	Guatemala	4749	0.13
39	Colombia	8870	0.27	76	Zambia	1431	0.13
40	Montenegro	13113	0.27	77	Ghana	1511	0.13
				78	Angola	5789	0.13
				79	Uganda	1219	0.08

* Per capita GDP (PPP), international dollars, World Bank (Hong Kong is from IMF and Puerto Rico is from CIA)

Source: Acs, et al. (2012): *National Systems of Entrepreneurship for latest GEDI 2013 country ranking and index*, please visit: <http://cepp.gmu.edu/787-2/>
(Retrieved: May, 2013)



Appendix 2: GEM Conceptual Model

The Global Entrepreneurship Monitor (GEM) is a not-for-profit research consortium that has been measuring entrepreneurial activities of working age adults around the globe in a comparable way since 1997. GEM is the largest single study of entrepreneurial activity in the world conducting research in over 80 economies, providing valuable insights into the state of entrepreneurship within and across developed and developing countries. In 2012, GEM surveyed close to 200,000 individuals in 69 countries.

Although entrepreneurship is widely recognized as one of the most important driving forces in fostering economic growth, there is still a significant gap in fully understanding the relationship between entrepreneurship and national economic growth and there is a lack of cross-national harmonized data sets on entrepreneurship. Since 1997, the GEM research program has contributed to increasing the knowledge and understanding of the entrepreneurial process by collecting relevant harmonized data in a global context on an annual basis. GEM focuses on three main objectives:

1. To measure differences in the level of entrepreneurial activity between countries;
2. To uncover factors determining the levels of entrepreneurial activity;
3. To identify policies that may enhance the level of entrepreneurial activity

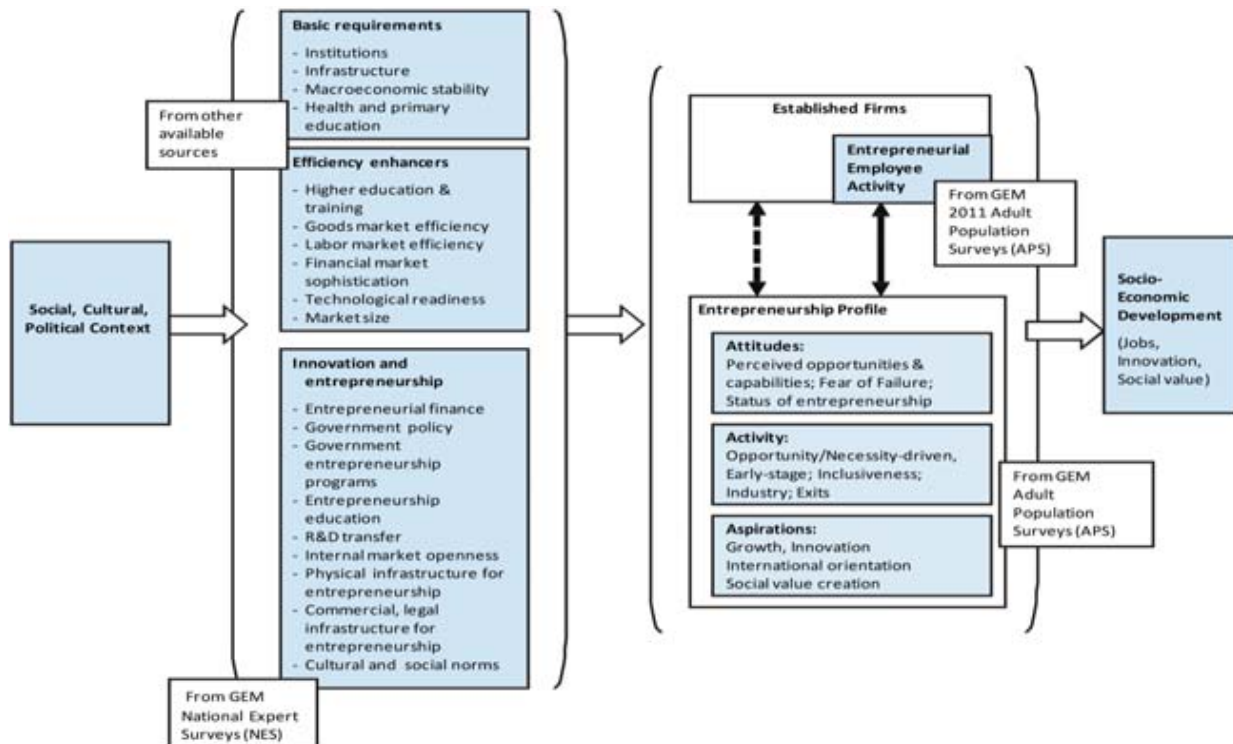
GEM employs a comprehensive socio-economic approach and considers the degree of involvement in entrepreneurial activity within an economy, identifying different types and phases of entrepreneurship. This approach, and especially the focus on the individual as the embodiment of entrepreneurship, differentiates GEM measures from other data sets that measure new business registrations. GEM views entrepreneurship as a process rather than as an event. One of the important manifestations of entrepreneurship is new venture activities. GEM collects data on the proportion of individuals in an economy who are expecting to start a business, actively trying to start a business, running their own young business, running their own established business, and who have recently closed a business. Using this information enables researchers to employ units of analysis and adopt definitions of entrepreneurship most appropriate to their research objectives.

GEM is based on the following premises: first, an economy's prosperity is highly dependent on a dynamic entrepreneurship sector. This is true across all stages

of development, yet the nature of this activity can vary in character and impact. Necessity - driven entrepreneurship, particularly in less developed regions or those experiencing declines in employment, can help an economy benefit from self-employment initiatives when there are fewer work options available. More developed economies, on the other hand, generate entrepreneurial opportunities as a result of their wealth and innovation capacity, yet they also offer more wage employment options to attract those that might otherwise become independent entrepreneurs.

If these opportunities for entrepreneurship and innovation are to be captured, such economies need to instil opportunity-based motives and entrepreneurial incentives. Second, an economy's entrepreneurial capacity is based on individuals with the ability and motivation to start businesses, and may be strengthened by positive societal perceptions about entrepreneurship. Entrepreneurship benefits from participation by all groups in society, including women, a range of age groups and education levels and disadvantaged minorities. Finally, high growth entrepreneurship is a key contributor to new employment in an economy, and national competitiveness depends on innovative and cross-border entrepreneurial ventures. The Figure below visualizes the model that drives GEM research. The GEM model documents how entrepreneurship is affected by national conditions. It also shows that GEM considers three major components of entrepreneurship: attitudes, activity and aspirations. GEM monitors entrepreneurial framework conditions in each country through harmonized surveys of experts in the field of entrepreneurship. The components of entrepreneurship are tracked using adult population surveys. Thus GEM generates both original macro data on institutional framework conditions for entrepreneurship and original micro data on entrepreneurial attitudes, activity and aspirations by using its own methodology that is harmonized across countries.

Figure: GEM Conceptual Model



Source: Adopted from GEM 2011 Global Report

The United Arab Emirates (UAE) joined the GEM research consortium since 2005, participating in GEM from 2006 to 2011 with the latest GEM UAE report released in 2012. Normally, the GEM survey is conducted among a random representative country sample of at least 2000 adults. However, in 2011, as in previous studies the UAE participated in, the UAE GEM team incorporated an over-sampling of an additional 1000 Emirati nationals which allows for a deeper analysis of what is happening within the Emirati population. The oversampling was necessary given the unique demographic imbalances that exist within the UAE, where more than 85% of the population are expatriates. The increase in the sample size of the Emirati population is an effort to focus on the local population as a unique segment group to generate a better understanding of the nature, attributes and challenges that may be distinctly faced by Emirati nationals.

The interface between GEM research and public policy could be useful in delineating areas where the creation and growth of new firms are encouraged. GEM Research can also be useful in identifying recipes for success that can enable new firms to succeed as well as suggesting how and where to obtain resources. Policy makers may use the GEM 2011 UAE research to craft their plans to guide infrastructure development, develop and upgrade human capital, build strong research institutions, and improve the science base in ways that can enhance entrepreneurial opportunity, discovery and recognition.



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We would like to thank all those who contributed to this study with special thanks to:

Safia Al Mansoori, a member of Dubai SME for her excellent support and Dr. Nizar Becheikh of the American University of Cairo for his assistance in organizing various data analytical activities for the study.

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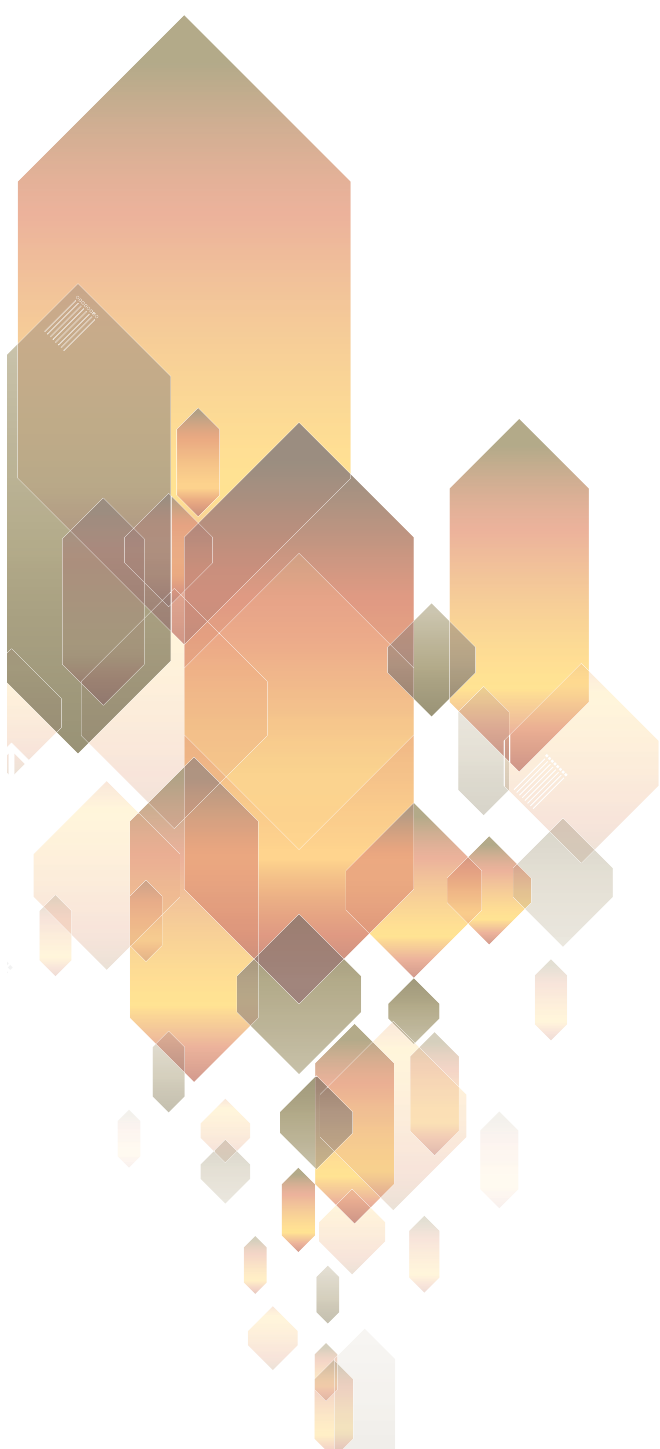
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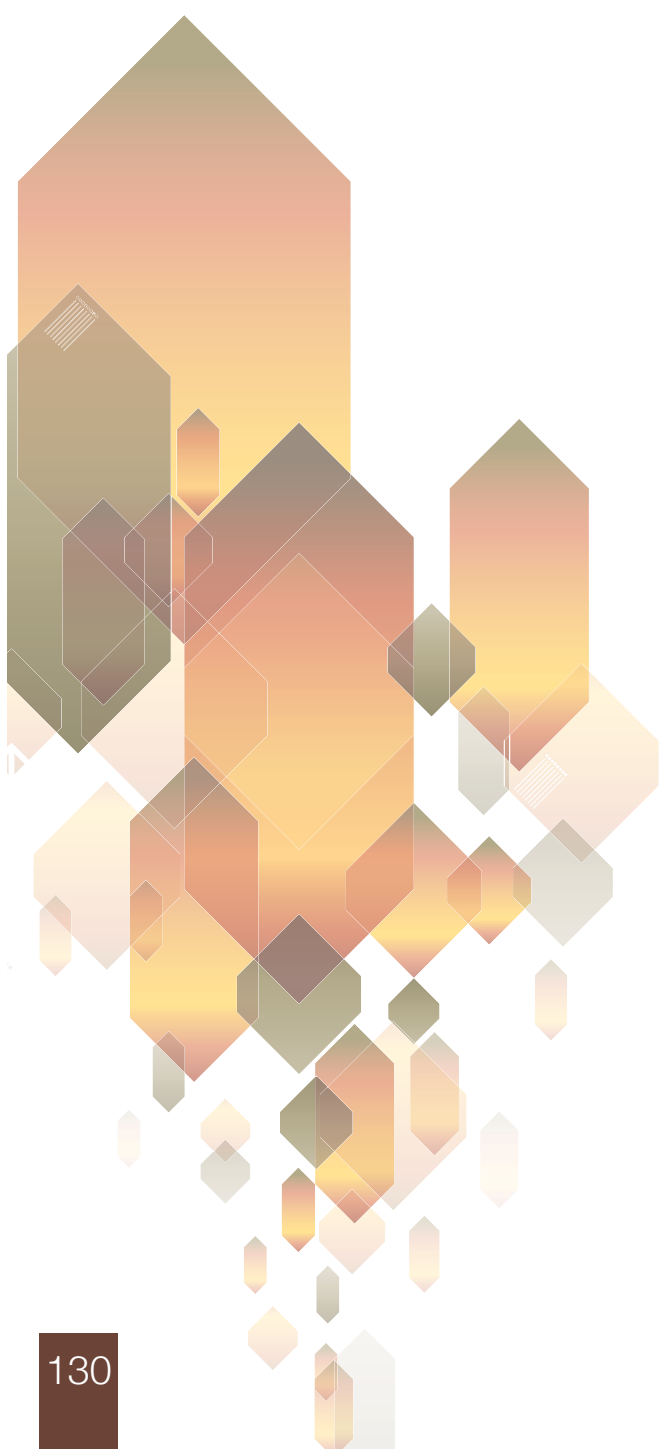
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