

Small Enterprises: Women Entrepreneurs in the UAE

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First published in 2004 by CLMRI, Dubai, United Arab Emirates.

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Produced by: Trident Communications.

UAE Ministry of Information and Culture
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LIST OF ABBREVIATIONS

BDS	- Business Development Services
EBWC	- Emirates Businesswomen Council
CLMRI	- Centre for Labour Market Research and Information (Tanmia)
CCI	- Chambers of Commerce and Industry
DED	- Department of Economic Development
FCCI	- Federation of UAE Chambers of Commerce and Industry
HCT	- Higher Colleges of Technology
MoLSA	- Ministry of Labour and Social Services (UAE)
R&D	- Research and Development
SBA	- Small Business Administration (USA)
SMEs	- Small and Medium Enterprises
MREYBL	- Mohammed Bin Rashid Establishment for Young Business Leaders (Dubai)
UNDP	- United Nations Development Programme
UNIFEM	- United Nations Women Organisation
WSEs	- Women-Managed Small Enterprises

ABSTRACT

This paper presents the findings of a survey of 30 UAE women entrepreneurs actively running their own small enterprise, complemented by in-depth interviews with Emirati women entrepreneurs and staff of small and medium sized enterprise (SME) support organisations.

The paper brings to the fore the existence of two different segments in the women managed small enterprise (WSE) sector in the UAE: (i) *traditional activities* consisting mostly of trading and simple manufacturing (e.g. perfume mixing, traditional cloth-making and various handicrafts), which are carried out in WSEs headed by relatively elderly, modestly educated women entrepreneurs who operate from their homes, and (ii) *modern activities* which refers to small businesses engaged in economic activities of more recent origin, often making ample use of advanced information and communication techniques and up-to-date business practices, managed mostly by young, well-educated and more business-oriented UAE women entrepreneurs.

The study analyses the start-up and operational constraints faced by these two segments and puts forward recommendations for (i) the formulation of specific policies and the creation of institutional capacity for the promotion of WSEs (as part of wider efforts for the development of UAE SMEs), (ii) a range of specific support services for traditional and modern WSEs, and (iii) capacity-building at the level of local government; banks and loan schemes; general SME support organisations; and women's organisations.

1.0 INTRODUCTION

Building on earlier studies on the Small and Medium Enterprise (SME)¹ sector in the United Arab Emirates (UAE), this paper presents the findings of a survey of UAE women small business entrepreneurs undertaken by Tanmia in 2003.

1.1 Background

Research carried out to date (refer: Baud and Mahgoub 1999 and Haan 2002 and 2003) makes it abundantly clear that there are a considerable number of Emirati women who are involved in small-scale economic activities. So far not much is known about them, except that many such ventures concern home-based enterprises. At the same time there is precious little support available that specifically focuses on women-managed small enterprises (WSEs), offering assistance to help women entrepreneurs overcome the special constraints they face.

In earlier research among a number of home-based micro-enterprises operating with a special Intilaq licence in Dubai (Haan 2002, p. 15), the women entrepreneurs were found to be relatively young and well-educated. A number of them had received some management or other business skills training and had worked for about four years in the private or government sector prior to starting their micro-businesses. The home-based activities in which they were engaged concerned mostly trading and services, but also small-scale manufacturing. They were generally started through small capital investments and were found to have modest initial sales, but appeared to show distinct potential for growth (see Annex I for further details).

¹/ For operational purposes small enterprises are considered to employ up to 10 workers and medium enterprises from 11-50 employees. It should be noted that, apart from the number of workers, there are other important variables (e.g. the level of capital investment; basis of operations - residence of the owner or independent workshop; legal basis for the activity; etc.).

1.2 Research Objectives and Questions

The overall objective of this research is to contribute to the formulation of policies and the design of support programmes that will assist Emirati women to start and expand small businesses. To this end the study will seek to gain insights on: (i) the motivation of Emirati women to enter into private business, (ii) their experiences in starting a business, and (iii) the need for special support for women entrepreneurs.

To meet the objectives of the research, this report attempts to shed light on the following questions:

- 1) What is the profile (e.g. age, education and social background) of Emirati women entrepreneurs, especially those who are successful? What was their main motivation to start a business? What economic activities and types of work do they prefer? What level of material and non-material rewards are expected?
- 2) What are the most common, and what are the most profitable, economic activities in which Emirati women entrepreneurs are engaged? Are they only involved in trade and services or also in productive activities? What is their level of technology?
- 3) What are the important trends that could lead to interesting niches for Emirati women entrepreneurs in the near future? Do they only focus on special markets?
- 4) What is the present situation with regard to access of Emirati women entrepreneurs to (start-up) capital, information on business opportunities, training in business skills, relevant technologies, marketing channels and opportunities for sub-contracting?
- 5) Are Emirati women entrepreneurs constrained by existing policies and regulations with regard to small businesses in the UAE?
- 6) What special institutions and programmes (e.g. credit, training, information, marketing) exist to assist Emirati women entrepreneurs in setting up and expanding a small business? Are there any informal or more formalised arrangements for the provision of support services for Emirati women entrepreneurs (e.g. business counselling)?

On the basis of these research questions, a detailed survey questionnaire was designed and an outline prepared for conducting semi-structured interviews with key informants.

1.3 Methodology

The methodology applied in the study essentially consisted of:

- (i) A survey of UAE Women-managed Small Enterprises (WSEs) using a standard questionnaire
- (ii) Interviews with key informants, e.g. staff from relevant business support institutions (e.g. the Department of Economic Development (DED) and chambers of commerce), small business support programmes (e.g. *Intilaq* and Mohammed bin Rashid Establishment for Young Business Leaders in Dubai), and women's organisations (e.g. the Business Women Council)
- (iii) In-depth interviews with selected Emirati women entrepreneurs.

The main problem encountered by the research was the identification of UAE women small business entrepreneurs. Due to the lack of an established sampling frame, contacts provided by the Women's Union in Abu Dhabi, the Businesswomen Council in Sharjah, the Mohammed Bin Rashid Establishment for Young Business Leaders (MREYBL) and the Department of Economic Development (DED) *Intilaq* programme in Dubai, as well as by Tanmia staff, were consulted. Despite the large number of names, addresses, and contact details provided, contact was limited as the majority of the telephone numbers were disconnected or out of service. Numerous other women contacted were either no longer in business, not yet in business or too busy to answer questions. As a result, the findings of the survey, while providing interesting conclusions, do not add up to a scientifically representative picture of the female-managed SME sector in the UAE.

In total 30 questionnaires were distributed for the survey. Most of the small businesses surveyed were based in Dubai and Sharjah. Intensive efforts to interview women entrepreneurs from a list with more than 300 names and telephone numbers of UAE women entrepreneurs in Abu Dhabi did not meet with any success.

Table 1. Location of WSEs Surveyed

Emirate	No. of WSEs
Abu Dhabi	2
Dubai	17
Sharjah	9
Ajman	2
Total	30

The study was carried out by a Tanmia team headed by a research adviser and research officers (from Dubai and Abu Dhabi). The interviews took place in May and November 2003.

2. UAE WOMEN ENTREPRENEURS AND THEIR BUSINESSES

This section presents the main personal characteristics of the UAE women entrepreneurs surveyed. The main features of their businesses are discussed in the next section.

2.1 Age, Education and Training

The women entrepreneurs surveyed were generally young: most were in their twenties (35 percent) and thirties (28 percent). Only one in four women was older than 40 years.

Many of the women entrepreneurs were well educated. Two-thirds held either a Bachelor's or Master's degree. Whereas the parallel survey among UAE male entrepreneurs found that almost one half of them had studied abroad, this was far less common among the females surveyed: only 20 percent had studied outside of the UAE.

A significantly large number of respondents indicated that they had followed special training in relation to their business. This included (i) special courses in business skills and (ii) vocational training.

The training for *business skills* mostly refers to short courses offered by some of the existing SME support programmes (which provided most of the names of the women entrepreneurs who were contacted for the study). The Businesswomen Council in Sharjah, for instance, organises such courses especially for women, while the DED *Intilaq* programme in Dubai also offers such training for their clients engaged in home-based activities, a category which includes many women. The training consists mainly of short courses, up to a few weeks in duration: 'how to start a business', 'bookkeeping, marketing and small business management' (see also section 4). The research reveals that women appear generally more interested in such training than their male counterparts, most of whom do not participate in any additional business training, even when they have not acquired any knowledge of business practices through their studies.

With regard to *vocational skills*, there appear to be three Categories. Firstly, many of the women entrepreneurs focused on the management aspects of the business and recruited specialised staff for the technical aspects. Secondly, the women who engaged in traditional activities had usually learned the trade in an informal manner, particularly from their mothers and other family members. And thirdly, there were a number of women entrepreneurs who had followed special training to acquire their productive skills. In the case of hairdressing, for instance, some had learnt the skill from other women who were willing to share their skills (e.g. friends and women from the same neighbourhood). Others had followed a course in one of the local training institutes. In Dubai, for instance, there are about half-a-dozen hairdressing and beautician training centres, often run by Asians. Still others had followed similar courses in Lebanon which are said to be more up-to-date and of better quality. Similarly, some women had acquired their technical skills when they accompanied their husbands on secondment abroad. The women entrepreneurs surveyed were generally familiar with computers: more than half of them indicated that they used the Internet for their business dealings.

2.2 Small Business as a Part-Time Activity

The majority of women interviewed (70 percent) were employed before starting their businesses. Over 60 percent of those with a previous job had worked for the local and federal governments, while the others had worked mainly for large private companies. On average they had worked for almost eight years in their previous jobs, although two out of every three women entrepreneurs had worked no longer than five years in their previous jobs.

More than half of the women surveyed continued to hold jobs in addition to running their small businesses, meaning that for many their business is a secondary, part-time activity. Indeed more than 40 percent dedicated no more than 10 hours per week to the business and another 18 percent not more than 20 hours per week. Only one in four women worked more than 30 hours each week in their business.

2.3 Motivation to Enter into Business

The most important reason indicated by those surveyed for entering into business was to become experienced entrepreneurs who own an established small or medium-size enterprise (a total of one-third of all the answers given).

Table 2. Main Motivation to Establish a Business

Main motivation	Percent
- Interested in additional income	24 %
- Business is hobby	24 %
- Gaining business experience	16 %
- Planning to grow into established SME	18 %
- Interesting market opportunity	12 %
- Other/not stated	8 %

N (total number of answers) = 49

Interestingly, almost a quarter indicated that the chance to earn additional income was their prime motivation to start a business, while another quarter, conversely, pointed to hobby as their main interest for the business. When the responses were checked against the ages of the entrepreneurs, the response rate was too low to draw any conclusions, but it is indicative that the average age of the women stating “hobby” as a main motivation is notably higher (37 years) than that of those stating “planning to grow into an established SME” (31 years).

2.4 Family Support

From the data collected it would appear that most families of the UAE women entrepreneurs surveyed supported their plans to go into business: more than 80 per cent indicated that they had received either active support (in terms of advice, etc.) or “moral support”. Still, some 12 percent indicated a “neutral” or “discouraging” stand taken by their family members. In some cases that might actually be an understatement as some fathers, brothers and husbands are not in favour of women setting up their own businesses (see Box 1 for an example of a woman entrepreneur who convinced her family, and others, about her business).

Interestingly, when asked what possible reasons there may be for the small number of Emirati women entrepreneurs, one in every six respondents indicated “a lack of encouragement by husband and/or family”. In other words, the women entrepreneurs seemed to assume that lack of family support has more frequently been the reason for keeping other women from entering business, rather than that they have faced such attitudes themselves.

Box 1. Innovative Designs

Ms. R studied business administration with the idea that one day she would go into business. Her father and brothers, even though in business themselves, were less convinced. Ms. R stayed at home, continuously updating her knowledge on marketing and putting it into practice by assisting various charity organisations.

Ms. R had always been particularly fascinated with opportunities for using computers in the design process. Her break came at her cousin's wedding when her cousin asked her to take care of the design of the wedding cards and the decoration of the wedding stage and hall. She received not only many compliments, but also inquiries about whether she would take other assignments. Ms. R decided to rent an office, recruit a secretary and 'go into business'.

The business, *Innovative Designs*, is active in areas related to designing such things as weddings, stage design, interior design, event management and exhibitions. Ms. R maintains contact with the clients and helps them to conceptualise their ideas. Together with a Filipino designer, who works in her father's small furniture factory (some 35 employees), she then develops computer-based images for further discussions with her clients. The items decided upon (e.g. stages, sofas, etc.) are then produced in her father's workshop – with which she has a clear arrangement (e.g. on pricing), because she wants to be independent in her business.

Ms. R contacted the Mohammed Bin Rashid Establishment for Young Business Leaders where she qualified for participation in the "five percent government purchase scheme", which opened up the possibility of financial support in two years' time. More important, she feels, is the exposure that she got through the exhibition organised by the Establishment and the opportunities offered to meet and network with other small business entrepreneurs. Ms. R is very enthusiastic, self-confident and ambitious about her business. She invested some Dhs 100,000 in her business (mostly own savings) but expects 'soon' to have invested up to one million dirhams.

Ms. R wants to be a role model for her sisters, nieces and other girls and to show them that there is no need for women to remain idle at home, but that instead they can also run a business. For her the business is a dream come true: "they always asked me when I was in college, 'why do you study business administration, do you want to become a teacher'?, and when she said that she would maybe want to go into business, everybody said, 'but that is not for women'. She is extremely happy with her business and wants to share her pride and happiness with everybody. Her family is now in full agreement with the business activities and admires her business success.

Source: Interview, May 2003.

2.5 UAE Women Entrepreneurs and Networking

When asked, only one-third of the women entrepreneurs surveyed indicated that they were involved in networking. This would appear to indicate that women entrepreneurs are significantly less engaged in networking than their male counterparts (of whom two-thirds reported that they are engaged in networking, Haan 2004). It is even more curious that only one of the five Emirati women entrepreneurs, who were members of the Businesswomen Council in Sharjah, considered herself to be involved in networking – even though the leaders of this and similar organisations consider ‘networking’ to be among the prominent activities of their organisations.

There would appear to be a number of factors involved here. In the first place, it seems that the term ‘networking’ is not a concept that is used by many women entrepreneurs. They probably discuss their business ventures within their families and, even more likely, with their friends but may not refer to this as networking. Secondly, for a large number of the women surveyed, ‘business’ actually is a traditional activity in which they have been engaged for a long period. For many it may be more of a social pastime than a serious money-earning venture that needs to be the focus of conscious efforts to gather information and introduce new practices. Finally, socio-cultural traditions in the UAE may contribute to a less active pursuit of formal networking opportunities such as attending receptions of foreign embassies, etc.

At the same time, UAE business women make the most interesting efforts when it comes to formal and informal networking among small business entrepreneurs in the UAE. Formal networking refers to the Businesswomen Council (BWC) that was recently created (see section 4.2). While networking is given as a main purpose for the creation of the BWC, success so far appears to be limited. Only a small number of women entrepreneurs attend meetings and the businesswomen with the smallest firms said they did not participate actively. Some of the women surveyed gave the impression that the discussions were dominated by the more successful UAE businesswomen, often with larger enterprises, while some of the others seemed too shy to participate actively. It was suggested that the BWC should have more informal ‘receptions’ instead of the more formal occasions with guest speakers and presentations.

So far there are no clear notions among male UAE entrepreneurs to set up small (at least initially) informal networks with peer entrepreneurs for specific business purposes (ibid). However, a number of (young) women entrepreneurs who were interviewed presented a clear illustration of the way in which informal business networking can bring about tangible advantages for participants (see Box 2).

Box 2. Forming A Small Business Network

Ms. A, a young woman entrepreneur, has a small business that designs greeting cards. She is busy forming a business network for mutual benefit with some women entrepreneurs she has come to know. Essentially the group has been set up to include trades that are complementary to each other. So far, the following trades are represented in the network: floral decorations, organisation of weddings and other events, special textiles, etc. The main objective of the network is to make joint presentations, for instance to hotels or government departments, so as to have access to new, and especially larger, jobs.

Source: Interview with Ms. A and other women participating in the network (May 2003).

2.6 Conclusion

The survey findings and, more so, the interviews with regard to the personal characteristics of the UAE women entrepreneurs surveyed, seem to point to two different segments in the women-managed small entrepreneur (WSE) sector in the UAE. These will be referred to as the ‘traditional’ and the ‘modern’ segments.

The *traditional segment* consists mainly of elderly women with low levels of formal education. These women are most likely to have received their skills from within the family or through some form of informal training. They may not have had paid employment before, while generating additional household income might have initially been one of the reasons to start the activity.

The *modern segment* is the larger of the two, consisting of young and well-educated women. These women seem to be more active in acquiring relevant production and, especially, business skills. They are clearly interested in working, as most of them seem to have had paid employment before, and seem to feel that working at home rather than in an office or company presents certain advantages. At least some of them see a small business as a unique way to express themselves and to show others that women can be successful entrepreneurs. One would expect that women in this segment are using the Internet more, as well as being more frequently involved in business networking (although probably still less than their male counterparts).

The UAE businesswomen in the two segments also appear to share some characteristics. For instance, for many in both segments the small enterprise is a part-time activity. This is likely to be caused by their other (e.g. household) obligations.

3. MAIN FEATURES OF UAE WOMEN-MANAGED SMALL ENTERPRISES

In this section the main features of the small businesses headed by Emirati women entrepreneurs are presented.

3.1 Preparation to Enter into Business

Many (40 percent) of the female business owners followed their own idea in setting up their businesses. A similar proportion followed suggestions that they received from members of their families or their friends. “Previous experience” and “business ideas from business training” were minor sources of ideas.

Women appear to be more active in preparing for their entry into business than their male counterparts (ibid). Almost two-thirds of the women entrepreneurs surveyed indicated that they had actively searched for relevant data and information in preparation for setting up their small businesses. In more than half of these cases some kind of feasibility study was prepared – either by the entrepreneur on her own or, slightly more often, with the help of family, friends and colleagues. None had hired consultants to do the feasibility study for them.

3.2 Business Start-Up

Many of the surveyed businesses were still quite young. In fact, at the time of interview, over one-third were not more than a year old, while 85 percent had been established since the end of the 1990s (not more than five years old). Only one in every seven businesses was more than 10 years old – these include both of the tailoring activities, as well as one hairdressing and one trading business.

As many as four out of every five women surveyed indicated that they had faced some major problems at the start-up phase of their business.

Table 3. Main Problem in Starting the Business

Main start-up problem	Percent
- Finding relevant information	11 %
- Obtaining trade licence	8 %
- Securing initial capital	11 %
- Recruiting workers	22 %
- Getting in touch with clients	24 %
- Other/not stated	24 %

N = 37 responses

The most important problems identified concerned “getting in touch with clients” and “recruiting foreign workers”. Other main problems included “securing initial capital” and “finding relevant information”.

3.3 Economic Activities

In the UAE, trading is by far the most important economic activity for women entrepreneurs: almost half of all WSEs concern various types of retail trading. Trading in garments is most common, but trading in gift items and jewellery is also popular.

Table 4. Economic Activities of WSEs Surveyed

Economic activity	Number of WSEs	Percent
Manufacturing	6	20%
Construction	1	3%
Trade	14	47%
Business services	5	17%
Social services	-	-
Personal services	3	10%
Other/no answer	1	3%
Total	30	100 %

A variety of services constituted the next important sector of WSE economic activities (together 27 percent). They included *business services* such as consulting, graphic design and IT services, as well as *personal services*, such as hairdressing and beauty salons. No examples of social services (e.g. private education or health services) were captured in the survey, although they are known to exist.

Only one in every five UAE women entrepreneurs were found to be engaged in *manufacturing* activities. These were, in fact, predominantly tailoring of traditional clothing, an example of the type of economic activities in which women traditionally used to engage. Other examples of such ‘traditional activities’ were food preparation (e.g. for weddings and other social events), mixing of traditional perfumes, embroidery, and ceramics. Mostly elderly women are involved in such activities, as more recent generations are not particularly interested in them (in part because the remuneration tends to be low).

3.4 Capital Investment

On Average the women entrepreneurs initially invested Dhs 138,500, but if the two exceptional activities that require substantial amounts of investment capital are disregarded (i.e. interior decoration and printing)² the average investment comes to around Dhs 72,000.

The amounts of invested capital range from less than Dhs 10,000 for tailoring and simple trading activities, to approximately Dhs 15,000 for some service activities, and around Dhs 50,000 for hairdressing salons (although one invested more than Dhs 200,000). The more capital-intensive activities in which women entrepreneurs were found to be engaged included trading (e.g. in textiles), consulting, interior decoration and printing.

The women's own savings were the most important source of start-up capital for the entrepreneurs: almost six in every 10 businesses were self financed. Some 35 percent of the businesses were mainly financed by capital borrowed from a bank and 25 percent of them by capital provided by family and/or friends.

Very little information was collected with regard to the capital expansion of the small enterprises headed by UAE women entrepreneurs. Of the six cases for which data on the amount of capital invested in the business was available for the period 2001-2003, there was a decline in two cases. In one case it was stable (the high investment interior decoration business), and in three cases it increased (two trading businesses, from Dhs 25,000-30,000 to Dhs 90,000-200,000, and one hairdressing salon). Only a few of the women surveyed (13 percent) applied for a loan after they had started their business.

A significant amount of capital is not always required to start a small business. Some entrepreneurs manage to get businesses off the ground through drive and hard work (see Box 3).

² For the jewellery trading business no data was available.

Box 3. Carton Recycling

Ms. O must be one of the most extraordinary entrepreneurs in the UAE. She studied mass communication and is now doing a Master's degree. She works in public relations and recently became a very active and motivated young entrepreneur: she set up a waste recycling business in Abu Dhabi.

She started very simply by contracting two Indians with their bicycles to go around to collect waste cartons (cardboard boxes). Ms. O herself spent long hours contacting a large number of shops and offices (using the telephone directory) to inquire if they would be interested in having their waste cartons collected. She also built on earlier attempts to collect waste paper in one of the government offices and has now placed specially designed collection boxes in a large number of other offices.

Once collected, the material is stored in the garden of a friend's temporarily unused villa. It is sold to a small paper-recycling factory in Dubai, which sends a truck to collect it. The business, which was only started at the end of 2002, yielded a monthly income of some Dhs 10,000 six months later.

Ms. O's motivation is not so much material as derived from her environmental concerns: "I want to clean up Abu Dhabi". Still, she is very entrepreneurial in her approach, having first carefully collected information from the Chamber of Commerce and the Department of Finance and Industry, inquiring about business support programmes, and searching the Internet for information on recycling processes and firms. In fact, she was among the first batch of students on the new *Intilaqaa* entrepreneurship training programme in Abu Dhabi.

Building further on her interest to do something about environmental pollution, Ms. O is already preparing for a new venture: the collection of plastics for recycling. This will require a more substantial investment (around Dhs 50,000) as she is planning to purchase the recycling equipment herself. She estimates that the business will generate a far higher income as well, although for Ms. O the most important aspect is to get rid of the plastic that is now scattered all over the city.

Ms. O jokingly refers to herself as "the Queen of the Garbage". In the meantime, she has started to think about opportunities for recycling tyres.

Source: Interview (May 2003).

3.5 Workforce

Women-managed small businesses employ very few workers. The total workforce of the 22 small enterprises for which data is available is 120 workers, including the owners. This means an average of 5.5 workers per firm.³

Less than one quarter of the firms involved a form of self-employment, with the woman entrepreneur working by herself. One-third of the enterprises had between four and six workers. Only five of the firms (23 percent) had more than six workers.

It is worth mentioning again that many of the surveyed WSEs were still very young. Some were expanding quite rapidly, from just a few workers to more than 20 employees. At start-up, the average size of WSEs was only 2.5 workers.

The survey confirms findings from other research (Haan 2002 and 2003) that UAE owned and operated small enterprises employ very few Nationals. The total number of UAE Nationals employed in the WSEs is small: only four firms (less than 20 percent) employed an Emirati. Also, fewer than expected of the WSEs surveyed employed members of the family: family members were employed in only one out of every six enterprises.

3.6 Customers and Marketing

The majority of the WSEs' customers were UAE Nationals, coming especially from high and middle-income groups. It is estimated that the latter constituted some 54 percent of the total clientele while another 19 percent was formed by Emiratis from low-income groups. Some 21 percent of the customers were expatriates, mainly from high-income groups.

Only two (out of 30) of the women-managed enterprises depended on other businesses and organisations for their sales.

The most common method used to contact customers was through family and friends, followed by word-of-mouth publicity.

³ This compares favourably with international SME employment figures and indicates considerable potential for the sector to provide employment in the UAE.

Table 5. Marketing Methods

Ways of getting in touch with customers	Percent
- Through family and friends	38 %
- Going from door-to-door	5 %
- Advertisements in mass media	18 %
- Through word of mouth publicity	18 %
- Using the Internet	13 %
- Other/not stated	21 %

N = 47

Multiple responses were possible

More formal marketing methods, such as advertisements in mass media and the Internet were used less frequently.

3.7 Sales

Only half of the WSEs surveyed provided information on their sales and the data is likely to be on the conservative side. Excluding the jewellery business, which was selling twice as much as all of the others together, the average sales figure for the firms was just over Dhs 21,000 per month.

The range of sales was vast, varying from Dhs 500 per month for an elderly woman engaged in home-based perfume mixing, up to 10 times as much and more for a number of activities. In particular, trading showed a wide distribution, ranging from Dhs 1,100, Dhs 2,000 and Dhs 5,000 for trading in textiles, to Dhs 25,000, Dhs 30,000 and Dhs 70,000 for trading in other items.

3.8 Competition

More than half of the women surveyed indicated that they encountered problems in the operation of their businesses. The answers to the question “what type of problems”? are depicted in Table 6, but it should be noted that the number of responses is much too low to draw any conclusions.

Table 6. Business Problems

Main business problems encountered	Percent
- Getting market information	12 %
- Lack of capital	6 %
- Finding suitable business location	12 %
- Recruiting workforce	0 %
- Competition	35 %
- Personnel management	6 %
- Problems in obtaining licences	6 %
- Others	24 %

N = 17

Multiple responses were possible

Even though the sample was very small, the answers still give a clear indication that in the view of UAE women entrepreneurs their main problem is competition. Table 7 presents the findings of a question regarding the sources of competition.

Table 7. Sources of Competition (Frequency Distribution)

	Level of competition			Total	
	Low	Regular	High	Number	Percent
Large firms	1	2	5	8	20.5 %
Small UAE firms	3	10	2	15	38.5 %
Small expatriate firms	6	3	7	16	41.0 %
Total				39	100 %

These answers suggested that the WSEs studied face competition from both large and small firms. They suffer particularly from competition with small firms (80 per cent of the answers given), which are more or less evenly distributed between UAE and expatriate owned small firms.⁴ A relatively small number of WSEs indicated that large-firm competition was an issue.

⁴ Further analysis of the data collected did not give clear competition patterns. A larger sample is needed for such an analysis.

3.9 WSE Business Constraints

On the basis of the survey results and the information collected through interviews with staff of women's organisations and other key informants, a broader analysis can be provided with regard to the business problems frequently faced by UAE women entrepreneurs. As can be expected, there are important differences between the constraints faced by informal home-based activities and more formalised modern activities.

UAE women engaged in *traditional activities* face primarily a combination of marketing and demand problems. (This assumes that there is no change in government policies and that the informal nature of these activities, which take place without being licensed, will not give rise to problems.) With their mobility limited by socio-cultural factors and their capital and profit bases inadequate for buying or even renting and re-decorating an independent work space, most face serious limitations in their marketing opportunities. Many depend on occasional exhibitions and special arrangements made by women's organisations during festivals and annual meetings. In addition to this, the demand for traditional products is waning among the youth who have come to appreciate other (often brand named, imported) items. In part, such demand problems can also be attributed to technological deficiencies such as inadequate product design and packaging.

UAE women entrepreneurs engaged in *modern small businesses* face a different set of constraints. Their main business problems include: (i) lack of access to capital, (ii) inadequate entrepreneurial capabilities and lack of business experience, (iii) difficulties with some formal procedures, (iv) low levels of support from husbands and family in a number of cases and (v) demand and marketing difficulties.

One of the main constraints facing modern activities is a lack of capital. Not only does this type of activity require more capital investment in equipment (e.g. computers and, in some cases, expensive production machinery [e.g. printing]), their pre-operational expenditures (e.g. trade licence, shop rent and salaries for 3-6 months) can also be quite high. Studies show that UAE small business entrepreneurs generally have difficulties in obtaining business loans⁵ and women are said to have less access to bank loans and other credit (e.g. suppliers' credit) than men. As one observer put it "there is a paradox: women who have capital are usually not interested in starting a business, while women who are in need of an extra income do not know how to get the investment capital".

⁵ Commercial banks, apart from demanding collateral, require, for instance, proof of the track record of the business, usually in the form of the annual report over the last three years, which obviously is a major constraint for business start-ups. Remarkably, such demands are far more stringent than, for instance, when applying for a personal loan for the purchase of a car.

Even though the women involved in modern activities were well educated and had, in some cases, undertaken additional business training, many felt that they needed to strengthen their entrepreneurial capabilities and remedy their lack of business experience. They were especially keen to participate in business skills courses (see, for instance, the Dubai-DED training activities discussed below).

While the women in traditional activities appeared unconcerned with the legalities of their business, the businesswomen in modern activities were concerned. In the past, women entrepreneurs faced the problem of getting trade licences for economic activities that were not considered sufficiently 'feminine' and, therefore, not suitable for female entrepreneurs, who need to be 'protected'. At a formal level, most of these obstacles have now been removed. However, there are occasional problems. For example, it took some convincing by the Women's Association in Abu Dhabi to get the local authorities to grant a trade licence to a woman who wanted to continue operating a soap factory started by her father.

WSEs in modern activities also appeared to face demand and marketing problems at times. While some said they had found relatively stable market niches, others were in a weaker position. In general, competition in the UAE is enormous and, as one observer said, "in the market there is no preference for local products". Some WSEs do well for a while but then demand falters and profits (and thus incomes) drop. Under such circumstances it is often better to upgrade the business or diversify into other economic activities.

4. SUPPORT FOR UAE WOMEN ENTREPRENEURS

It is only in the past few years that SMEs have been promoted in the UAE. While there is still no policy framework or dedicated SME institution in operation, a number of SME support programmes have been established, especially by the Dubai Government. In the small emirates, SME promotion is still largely lacking (Haan 2003). Below is a brief review of existing SME support services, with special reference for UAE women entrepreneurs.

Two-thirds of the 30 UAE women entrepreneurs interviewed could name at least one organisation or programme that was providing support to small businesses in the UAE. The most frequently mentioned ones were the Businesswomen Council and various other women's associations. However, when asked if they had ever received any concrete assistance from them, four out of 10 of the WSEs surveyed reported not receiving support from any of the existing SME support programmes.

In the following section, some of the organisations providing support services to small business entrepreneurs in the UAE are reviewed.

4.1 UAE Women's Organisations

In all emirates there is at least one large and active women's organisation, usually referred to as the Women's Union or Association. They are mainly involved in providing social services in the areas of education for women, family health care and cultural values. In a way these women's organisations were among the first to recognise the need to support small-scale economic activities; particularly in the case of women-managed small enterprises.

As a result women's organisations usually provide some assistance to women entrepreneurs, mainly those engaged in traditional activities. This support often has social and cultural, rather than economic, objectives. Their dual purpose is to provide income support to women and to preserve traditional activities as part of the country's cultural heritage. Sometimes they establish small workshops where women can engage in traditional activities and receive a salary from the sponsoring organisation, rather than working on their own account.

Some of the women's organisations also provide piecemeal assistance to women involved in home-based activities. Usually such support focuses on organising marketing opportunities for the women to sell their products. For instance, during their Annual Meetings, the women's organisations make special stands available for UAE women to market their home-made products⁶, which are usually purchased in significant numbers by the local women leaders.

The following section discusses of the support that women's organisations in Ajman, Khorfakkan and Abu Dhabi provide to WSEs.

4.1.1 Umm Al Moumineen Women Association in Ajman

The Umm Al Moumineen Women Association was established in 1974 and is active in the following areas: training and education, cultural activities, social and public relations, health, and arts. It operates, for instance, a centre for continuous education for young married girls to assist them to finish their education. As part of its mission to develop women's capabilities in all fields, it is also concerned with women engaged in small business activities.

The Association has some 200 female members who were recruited from among active participants in the centre for education. It is funded by contributions from the ruler of Ajman and the Ministry of Labour, with revenues generated from activities such as the wedding hall and a tailoring workshop, and fees charging for different types of training (e.g. computer skills, sewing, beautician, management and English). Altogether it has some 120 staff working in the education centres, multi-purpose hall, Koran centres (nine) and other activities.

Most UAE women who receive support from the Association are engaged in home-based ventures, such as: traditional perfume-making⁷, sewing and tailoring, embroidery and hand-made products. In the view of the Association, women entrepreneurs face three main problems: (i) lack of start-up capital, (ii) lack of business awareness and experience, and (iii) lack of marketing opportunities. Some women have brilliant ideas for a business (e.g. a beach resort exclusively for women), but are afraid to start; they feel insecure and need encouragement. Women often do not know what to expect from business or how to plan for it (although the more educated women do prepare themselves before entering business). Others choose the wrong location for their business (e.g. cannot be easily reached by their customers). Quite a few cease their business operations after a while.

6 Even though outside the scope of the exhibitions, the UAE women also tend to display and sell (imported) industrially produced products, arguing that these are included in their regular trading activities.

7 Perfume-making gives an estimated monthly income between Dhs 3,000 and 15,000.

To provide assistance in these areas, the Association has undertaken a limited number of activities. Some three to four years ago the Association organised a business training programme for women through the Department of Economic Development in Dubai. In June 2003 it organised similar training, which was conducted by the UN Economic and Social Commission for West Asia (ESCWA, with headquarters in Lebanon). The course lasted two weeks with daily sessions from 16.00 to 21.00 hours. The training was advertised in the newspapers and participants from the previous training programme were specially invited. All applicants were interviewed by the trainer to ensure their interest as well as some basic homogeneity among the participants. A total of 13 women were invited to participate.

The training was a mixed success. In the beginning the participants were very enthusiastic, but towards the end some expressed dissatisfaction and stopped attending. Possibly the programme was too heavy and the content of the training not interesting for those already in business. The course cost Dhs 70,000, of which Dhs 50,000 was sponsored by the Government, while the Association paid Dhs 12,000. The participants were asked to pay only Dhs 500 per person (although not all of the women were asked to pay).

The women entrepreneurs mainly market their products through schools, as many of them are teachers. Once or twice a year, the Association also organises an exhibition where women can offer their products, for instance during their annual workshop in October.

So far there are no capital support programmes. Some banks were asked to explain their lending procedures during the June 2003 training programme. The CCI was also asked to make a presentation about the support it could offer. However, in the normal course of events, the Association does not have much contact with the CCI. The leadership of the Association feels that it would be a good idea if the CCI were to have a special section for women who are active in business.

4.1.2 Khorfakkan Women's Association

The Women's Association in Khorfakkan focuses mainly on the provision of social services. Support for those engaged in small-scale economic activities does not figure very prominently. The main assistance provided involves providing women with an occasional opportunity to market their products.

This rather limited support for women in business may change in the future as the Association is re-considering its position. Already three of its staff members have participated in business training organised by the CCI.

4.1.3 Abu Dhabi Women's Association

In Abu Dhabi the Women's Association (AD-WA) is concerned with women's employment in two ways. Firstly, it operates an employment exchange to assist women to find employment; women looking for a job can register to be matched with requests from employers. Sometimes training is organised for the women, e.g. through the CCI, to prepare them to meet the job profile.

Secondly, in the experience of the AD-WA many, especially young, women with interesting ideas who wish to start a business are constrained by a lack of capital (e.g. to rent a shop, to get a trade licence and to recruit and pay employees), and are risk apprehensive. The AD-WA tries to assist UAE women entrepreneurs in three ways: (i) marketing exhibitions, (ii) provision of training and similar services through networking, and (iii) lobbying, alone and together with other organisations, on behalf of women engaged in business.

The *marketing exhibitions* are organised during the Women's Association's Annual Meeting. They are meant to provide an opportunity to "Productive Families", particularly women who, alone or with the help of family members, are engaged in home-based productive activities, with an opportunity to display and sell their products. AD-WA has a small committee that selects participants on the basis of a sample of their product to ensure that only original craft items are offered for sale. In spite of this precaution, other 'industrial' goods are usually also displayed. The women say that these products form part of the wares in which they trade. While participation in the exhibitions, now in their 6th year, is also open to expatriates, most of those who participate are Emirati women.

In addition to assisting in marketing, the exhibitions are also found to be a mechanism to disseminate new business practices, such as the use of business cards, among relatively traditional women. They are also an important occasion for the participants to check the prices of others who are selling similar products.

Apart from genuine courses, the 'training' provided by AD-WA can take the form of workshops and lunch seminars. In the past AD-WA had organised an event during which an established businesswoman discussed the start of her business and the way difficulties were overcome. Some 30-50 women interested in operating a business attended this event.

Occasionally the Women's Association alone or, more likely, together with others (e.g. the CCI and/or EBWC), also takes on the role of *lobbying* on behalf of women entrepreneurs. It has been instrumental in convincing the municipality to grant a licence to at least one Emirati woman to own and run a small soap/detergent factory (see Box 4).

Box 4. Soap Factory

Mrs. A inherited a small soap factory from her father. Initially she relied on the expatriate manager to continue the business. But when profit levels declined and turned into losses, she decided to take over the management herself.

In the meantime Mrs. A had encountered serious problems registering the business in her name. In Abu Dhabi there were, up until a few years, no women with trade licences for manufacturing and her application was initially refused. It took considerable effort (e.g. from the Abu Dhabi Women's Association), and time, to convince the municipality to approve the trade licence.

After taking over the management, Mrs. A introduced various changes in the operation of the factory. She replaced some of the employees and hired a new chemist. Together with a local consultancy firm, market surveys were undertaken. More attention was given to quality control and to research and development to introduce new scents for the soaps. Through the Internet, the firm found a new supplier of materials (from Germany), which has now been contracted to provide technical assistance.

The business now appears to be on the right track and is said to be one of the candidates for the Sheikh Khalifa Award for Women Entrepreneurs.

Source: Interview with local consultant (May 2003).

Through exhibitions and contact with participants, the AD-WA has become aware of women producers' other support needs. In its analysis, the main problems noted for women were access to capital, lack of business skills (e.g. preparation of project profiles and feasibility studies), quality control and marketing.

AD-WA is therefore actively seeking new ways to assist UAE women entrepreneurs and is becoming increasingly involved in the provision of training and business information for WSEs. In view of its limited financial and staff resources, it usually joins forces with local organisations, such as the Abu Dhabi CCI and the Emirates Businesswomen Council (EBWC, see below) and others (e.g. the Kuwait-based Arab Business Women Organisation).

4.1.4 Final Observations – Women’s Organisations

The role of the different women’s organisations with regard to the promotion of UAE WSEs is limited in terms of vision, available human resources, knowledge and experience, and budgetary resources. Still, their activities are not without importance, first of all, because they are pioneers in small business development in the UAE and have contributed to raising awareness of the need to support UAE women entrepreneurs. They are also well placed to assist women in traditional activities who do not receive support from other organisations. Moreover, their staff are gaining experience in providing assistance and it would appear that a number of these staff have become active in other organisations, such as the Emirates Businesswomen Council (see section 4.2).

The direction taken by the women’s organisations in collaborating with others means that the power of the women’s organisations can effectively be joined with the wider experience and larger resources of more specialised organisations (e.g. the CCIs).

4.2 Emirates Businesswomen Council

In March 2002 the Emirates Businesswomen Council (EBWC) was created as an initiative of the Federation of UAE Chambers of Commerce and Industry (FCCI). There are now local branches of the EBWC active in Abu Dhabi, Dubai and Sharjah⁸.

The main objectives of EBWC are: (i) lobbying on behalf of UAE women entrepreneurs, (ii) facilitating research into the problems of WSEs, and (iii) functioning as a platform with national and international organisations interested in supporting UAE women entrepreneurs. EBWC perceives UAE women entrepreneurs, especially younger women entrepreneurs, as their primary target group.

⁸ In these emirates there are also branches of the International Business Women Group, which was established in the early 1980s. This network is not considered here as it appears to be largely directed at women in executive positions rather than genuine entrepreneurs. Also it is largely dominated by expatriate women. It organises regular luncheon meetings with guest speakers, which are attended by some 60-90 members and guests, and more informal networking breakfasts.

The EBWC is still in its infancy and is looking for ways to mobilise its target group. While there are large numbers of women registered with the CCIs in the different emirates⁹, many of them are not actively involved in business (e.g. inactive business, the business is in fact owned by their husband, etc.). According to recent UNDP/UNIFEM information, only some 10 percent of the registered women are active in business – others might be silent partners (e.g. in a business run by their husbands) or have already withdrawn from business.

4.2.1 Businesswomen Council – Dubai

The Dubai branch of the EBWC tried to contact all active businesswomen but only a disappointing 22 showed up for elections for the EBWC board – seven of whom are now serving as members. So far EBWC-Dubai has organised business luncheons with guest speakers, usually from the business sector. These are attended by some 35-40 women – most of them expatriates. The meetings provide opportunities for informal networking with like-minded people, which can result in useful advice and contacts. Participating members also engage in informal business promotion and commonly bring promotional materials for such purposes. Other EBWC activities include visits to HCTs for presentations on women in business and the organisation of training (e.g. with the National Bank of Dubai).

In the view of one of the board members, the participation of UAE businesswomen in the EBWC events has been disappointing. No more than 10 women attend the regular meetings and the participation of Emirati women entrepreneurs in the workshops and other activities is usually not more than 10 percent (the rest being expatriate businesswomen).

⁹ A number of EBWC board members indicated that there are more than 3,000 women registered (with the CCIs), in all the emirates together. This information appears to come from a two-year UNDP/UNIFEM study on businesswomen in the UAE. While the study itself was not immediately available, some statistics (different from those mentioned in the text which were provided by one of the practitioners interviewed) can be found in *Khaleej Times* 10/3/2003 and on the Internet: (www.unifem.undp.org/newsroom/clippings/021224_AME_Info.html).

4.2.2 Businesswomen Council – Sharjah

The Sharjah branch of the EBWC sees its role as promoting UAE women entrepreneurs, especially in training and similar business development services. The Council's preliminary analysis suggests that emphasis needs to be placed on raising awareness among women about the various possibilities of going into business, as many of them are apprehensive about doing so. In general, women are especially wary taking out loans, although lack of capital is one of the main constraints for women seeking to open a business. The Sharjah EBWC also feels that it is necessary to make available special, if possible free, trade licences for women entrepreneurs.

EBWC Sharjah has so far undertaken the following activities:

- Organisation of two training courses: (i) "Start your business" (with 45 participants, over five days, by the Institute of Administrative Development) and (ii) "How to develop your business idea" (with 20 participants, over three days, by a private institute in Sharjah); both free to participants
- Organisation of exposure visits to the Women's Conference in Abu Dhabi and the IMF/World Bank meeting in Dubai
- Sponsoring participation of women's businesses for marketing purposes during Sharjah Festival; and
- Business orientation trips to Gulf countries, as well as Italy and India.

Interestingly, the EBWC in Sharjah has planned a survey of women-managed small businesses (believed to be scheduled in 2004), to get a better profile of UAE businesswomen and their support needs.

4.2.3 Final Observations on Emirates Businesswomen Council

The creation of the EBWC is a major step forward. With its clear focus on business development and strong relations with the CCIs it can become an important force in the promotion of UAE WSEs. Its board members are well motivated and some have sound reputations as businesswoman in the UAE.

However, it is early days and the EBWC branches are still in the process of mobilising their target groups. This is progressing more slowly than expected. Attendance at their activities continues to be limited and, even more worrisome, the participation of UAE businesswomen in their events remains modest. In this respect it should be noted that the EBWC does not have a specific small business focus, and there are indications that the meetings and events tend to be dominated by well-established UAE businesswomen (possibly because young women entrepreneurs heading small businesses are still somewhat 'shy' and choose to keep a low profile).

Moreover, under the present rules it would seem that women engaged in home-based activities are not included in EBWC's target group. As the EBWC is linked with the FCCI, the original invitations at start-up were sent to women entrepreneurs with business licences, which home-based activities cannot obtain. One woman confirmed that women with home-based enterprises cannot vote in EBWC elections.

4.3 Other Programmes and Support for Women Entrepreneurs

There are a few organisations in the UAE which aim to promote the SME sector. In this section, their relevance for UAE businesswomen is discussed.

4.3.1 Dubai – Department of Economic Development's *Intilaq* Programme

The Department of Economic Development (DED) in Dubai started the *Intilaq* programme in 1999 to provide support to home-based micro-enterprises, essentially by providing them with special licences at reduced rates. Subsequently, additional support services were added. The enterprises eligible for *Intilaq* support should (i) be home-based in Dubai, (ii) employ only members of the household (with a maximum workforce of 10), and (iii) have an investment capital of less than one million dirhams.

The *Intilaq* programme is of major importance for UAE women entrepreneurs. Many of them are operating from their homes, and thus are unable to obtain a trade licence (a contract identifying business rental space is one of the major conditions for acquiring a trade licence). Without a trade licence it is especially difficult to get business assistance and to get a bank loan. The *Intilaq* programme thus solves an important problem for women who want to go into a (legal) home business. Indeed, some 100 (around 25 percent) of all the programme's licence holders (in total around 404 as at May 2003) are women entrepreneurs.

Interest in the *Intilaq* programme has increased markedly in recent years due to enhanced promotion of the programme in HCTs and universities. The programme now forms part of the wider activities of the DED's special Small and Medium Enterprise Development Unit (staffed by two professionals and an assistant). This Unit focuses on training, counselling services and the provision of information and services through an interactive website.

Entrepreneurship and management training: the training includes seven to eight topics, takes three to five days and is conducted in the afternoons (as participants are either employed or studying). Each course has some 20 participants, with the female proportion ranging from 30-70 percent (when the group is large enough separate groups are formed for men and women). Women are especially interested in "How to start your business". Most of the participants are young (three-quarters of them may be younger than 30 years). The cost to participants is Dhs 100 (as against Dhs 1000 per day in the private sector), which should be seen as a way to ensure commitment from the participants. *Intilaq* makes its training course manuals available and has also published three books (on business start-up, product selling and marketing).

Counselling services: available for those interested in starting a business, e.g. to discuss the need for a fixed location and explore the possibilities of setting up a home-based activity.

Other activities: DED has a number of other ideas which still need to be developed further. For instance, it is in the process of creating a small business association, the Business Pioneers Group, and is planning to open a bulletin board on its websites where SMEs can post their advertisements for products offered and materials required.

Preliminary conclusion

The DED SME unit is actively assisting small business and its *Intilaq* licence scheme is particularly appropriate for women entrepreneurs. The target group for the other services offered is not only those with an *Intilaq* licence, but rather the wider SME sector. This means that there are no special support services available (or being developed) for women entrepreneurs. Still, the entrepreneurship and management training as well as, to a lesser extent, the counselling services, are relevant to UAE women entrepreneurs. The survey findings show that these support services are not well known among businesswomen. This could be remedied by more, and better targeted, advertising of such services. It is also suggested that the DED establishes more structured relationships with organisations representing UAE women entrepreneurs to jointly organise training and counselling activities.

4.3.2 Dubai: Mohammed Bin Rashid Establishment for Young Business Leaders

The Mohammed Bin Rashid Establishment for Young Business Leaders (MREYBL)¹⁰ has, since its launch in June 2002, become a prime example of SME development in the UAE. It offers the following services: (i) free trade licence for three years, (ii) a business centre with office space for 60 entrepreneurs, together with secretarial and telecommunications services, (iii) advisory services; (iv) special mentoring arrangements, (v) in-house training, workshops and business forums; and (vi) access to resources, contacts and networks. It also facilitates access to capital on preferential terms through a newly created fund which is administered through local banks. A further major attraction of MREYBL is that the enterprises registered with it are eligible to participate in bidding under the compulsory purchase programme for the value of five percent of the budgets of all local government and semi-government bodies in Dubai. At the end of 2003, some 530 small businesses were registered with MREYBL.

MREYBL has a keen eye for the special problems of UAE women entrepreneurs. For instance, it has dedicated 20 of the offices in its business centre (33 percent) to WSEs. It does not, however, offer any special business training or guidance for business start-up schemes specifically for women.

4.3.3 Other Small Business Promotion Programmes

There are a few other SME support programmes, such as the *Intilaqaa* entrepreneurship and business management training programme in Abu Dhabi (half of the participants on its first course were women), as well as *ad hoc* activities provided by the CCIs in the different emirates, but these do not have UAE women entrepreneurs as their primary target group.

However, some of the services provided by these organisations might be relevant for women entrepreneurs. For instance, the CCIs offer various general business services (e.g. information databases) and, in particular, their free legal assistance may be very useful for women entrepreneurs who have problems obtaining a trade licence. Similarly the websites of MREYBL and Dubai-DED/SME have interesting do-it-yourself manuals that women could use.

¹⁰ The Mohammed Bin Rashid Establishment for Young Business Leaders uses the acronym 'SME' for its website, but since SME refers in this report to small and medium enterprises, 'MREYBL' will be used to denote this organisation.

4.4 Conclusion

From the brief review of existing support activities for UAE women entrepreneurs, the following can be concluded: support for UAE women entrepreneurs has long been confined to limited assistance for women engaged in traditional, home-based activities. The organisations providing such support are restricted by a lack of budget and expertise when it comes to business development services. In recognition of these constraints, some are increasingly collaborating with CCIs and international organisations.

An important step forward for lobbying on behalf of UAE women-managed small enterprises is the creation of the Emirates Businesswomen Council, though it is still in its infancy and appears to be encountering some difficulties in gaining momentum. Other relevant services for UAE women entrepreneurs are the DED-*Intilaq* scheme which provides inexpensive trade licences for home-based activities, and MREYBL's reserved office spaces for women in its business centre. Apart from these there exist few, if any, support services specifically directed at UAE women entrepreneurs. While 'general' SME support programmes are in principle open to assisting women entrepreneurs, experience shows that their gender-neutral targeting is usually ineffective in actually attracting WSEs.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Women-Managed Small Enterprises in the UAE

Both the personal characteristics and features of businesses managed by UAE women entrepreneurs appear to support the notion that there are two distinct, and in many ways opposing, segments of women-managed small enterprises (WSEs): traditional activities and modern activities.

The *traditional activities* segment can be described as consisting mostly of part-time activities carried out at home. Such home-based activities are *de facto* illegal as no trade licence can be obtained for them. While this has, up until now, not resulted in any activity on the part of the UAE authorities, women engaged in home-based activities lack official recognition and cannot get business support or bank loans. The women are relying on traditional skills and knowledge that is transferred within the family. Most of the entrepreneurs are elderly women with modest educational achievements and their activities are mainly handicrafts and trading. The investment capital can be very low and usually is not more than about Dhs 10,000 for dress-making/tailoring. The activities generally suffer from a low level of productivity and yield only modest incomes. The main problems faced by traditional activities are a lack of demand and limited marketing opportunities. There is no support available for these activities, except for occasional marketing opportunities provided by UAE women's organisations.

The *modern activities* segment can be characterised as follows: the entrepreneurs engaged in such activities are generally young, well-educated women. Even when operated on a part-time basis, the businesses are an important activity for the entrepreneurs as they play an important role in their self-fulfilment and ambition to become genuine businesswomen. The more modern activities are most often carried out outside the home and, in a number of cases, the women entrepreneurs are supported by, for instance, MREYBL in Dubai, which makes available tailor-made, serviced office space at subsidised rates. The investment in modern activities is much higher compared to the traditional, starting at Dhs 50,000 (e.g. for a hairdressing/beauty salon) up to a few hundred-thousand dirhams for consulting, interior decoration and printing.

Both segments also share common features. For many women, WSEs seem to be a part-time activity, possibly as a result of other for example family obligations. This may explain why it seems that many women entrepreneurs operate their business from their residences. Most importantly, the study shows that many women have practical business ideas and more and more UAE women are starting small businesses.

5.2 Emirati Women Entrepreneurs

Apart from the characteristics discussed above which are related to the type of activity, UAE women entrepreneurs were found to have a number of other traits which, if not shared by all, are still common.

Just like many men, UAE women are hesitant to go into business because of the perceived risks. They tend to prefer a stable, wage-based income with family-friendly working hours and attractive pension schemes. Women seem to be particularly apprehensive about borrowing funds to go into business – and indeed their investment is generally far lower than that of male entrepreneurs. Indicatively, one informant estimated that investment in WSEs is between Dhs 20,000 and Dhs 100,000, while investment in men's businesses is more likely to start at Dhs 500,000 and run into millions. All the same, more and more young UAE women aspire to start their own business.

UAE women entrepreneurs are less engaged in networking than their male counterparts. They are less likely to engage in informal business networking and, in so far as opportunities for more formal networking exist, the smaller and less experienced WSEs appear to benefit less than more established women entrepreneurs who tend to dominate the networking events.

In this respect, some observers believe that UAE businesswomen, except for those who have already been in business for a longer period, can be shy and timid. They do not always interact easily – even amongst themselves. Many women are still cautious about getting into business (especially when it requires taking out a loan) and are worried about others taking their business ideas. This fear seriously hampers any sharing of experiences. According to one observer “many Emirati women think they want to do something in business but do not exactly know in what way”. Attending events organised by women's organisations helps them make up their minds.

5.3 Main Challenges Facing UAE Women Entrepreneurs

It is clear that Emirati women entrepreneurs face special constraints, making it more difficult for them to start and run small businesses than it is for their male counterparts. The social status of women and prevailing socio-cultural factors still tone down the encouragement given to women to go into business and occasionally make it difficult for them to obtain trade licences in certain activities, in particular manufacturing. Women entrepreneurs have less access to capital than men, especially from commercial banks. Interviews with WSEs indicated that they have difficulties getting in touch with potential clients and are keenly interested in special marketing facilities to overcome their mobility constraints.

The segmentation of the WSE sector in the UAE into traditional and modern clusters is also important because the two sectors face different problems (see section 3.9 for details):

- Women engaged in *traditional activities* face principally a combination of marketing and demand problems. Many depend on occasional exhibitions and special arrangements made by women's organisations during festivals and annual meetings in order to market their products.
- WSEs in *modern small businesses* face a different set of constraints. Their main business problems include: (i) lack of access to capital, (ii) inadequate entrepreneurial capabilities and lack of business experience, (iii) difficulties with some formal procedures, (iv) in a number of cases, low levels of support from husbands and family, and (v) demand and marketing difficulties.

5.4 Existing Support for UAE Businesswomen

Support for WSEs is still very much incipient in the UAE – except for the occasional, limited assistance for women involved in traditional activities which is offered by women’s organisations. While useful and important for raising awareness of the need to support UAE women entrepreneurs, these organisations lack the vision, expertise and resources to make a significant contribution to small business development in the UAE.

The creation of the EBWC is an important step forward since it has a much clearer vision on business development, relevant contacts and well-motivated board members. It is building up a useful network, starting with the FCCI and emirates-based CCIs. Although it is still struggling to mobilise its target group and define the right form for its activities, it has the potential to become an important force in the promotion of UAE WSEs. Further clarity on its ‘small business’ focus and the support it intends to provide for women in home-based activities would be useful. The EBWC is in need of major support activities to build up its capacity. It should have professional staff and assistance on how to mobilise its target group and develop services that address the actual needs of UAE women entrepreneurs.

Other relevant services for UAE women entrepreneurs are the DED-*Intilaq* scheme of inexpensive trade licences for home-based activities and MREYBL’s reserved office spaces for women in its business centre. Apart from this there exist few, if any, support services specifically directed at UAE women entrepreneurs. While ‘general’ SME support programmes are in principle open to assisting women entrepreneurs, experience shows that their gender-neutral targeting is usually ineffective in actually reaching WSEs.

In conclusion the study makes it clear that, in general, WSEs derive few benefits from the existing SME support organisations. The organisations that have been especially established to promote WSEs still lack the experience and knowledge required to offer a suitable mix of efficient, high-quality business development services and, as a result, have not attracted a large membership thus far. Gender-neutral SME support schemes offer services that are not tailored to the needs of women entrepreneurs.

5.5 Recommendations for Increased Support to WSEs

On the basis of the analysis presented so far, the following recommendations are put forward.

5.5.1 General Recommendation

It is recommended that specific policies for the promotion of WSEs be formulated as part of a wider framework of SME development in the UAE. Such policies should (i) express official recognition of the importance of UAE women-managed businesses, (ii) prepare a framework for preferential measures to support WSEs (e.g. special trade licences, fast-track procedures for trade licences and workers' visas, reduced fees for licences and visas, etc.) and, (iii) create an appropriate institutional framework for promoting WSEs.

Two kinds of special trade licences are suggested for WSEs: (i) licences for home-based activities, provided for a continuing low fee (e.g. Dhs 1,000 per year), and (ii) licences for WSEs operating from business premises, to be issued for the first three years at a reduced rate of Dhs 1,000 and thereafter for 50 percent of the regular trade licence fee.

As part of the policy formulation it is suggested that a 'WSE quota' be considered, i.e. the reservation of a minimum percentage of all businesses in particular trades for UAE women entrepreneurs as a possibly temporary measure to limit, to a certain extent, competition from (i) expatriate businesses, and (ii) small businesses operated by UAE businessmen.

Such policy formulation makes it opportune to create special capacity in this area. It is therefore suggested that a special entity be formed (which in the future should constitute part of a larger body) for the promotion of SMEs in the UAE¹¹. Before such a body is established, a temporary section could be set up and properly staffed in the EBWC, FCCI or local CCIs, or in Tanmia.

In practical terms these policies should lead to special procedures for women for obtaining trade licences and labour permits for foreign workers. This could, for instance, be done by opening special sections in the municipalities/economic development departments and the Ministry of Labour. Another alternative is to create 'mobile' units that can be accessed during the activities of women's organisations supporting SMEs (e.g. EBWC). It is suggested that the option of setting up "one-stop-shops" or e-procedures to facilitate business creation and operation for UAE women entrepreneurs be explored.

¹¹ Please note that the Council of Ministers' Resolution No. 259/1 for 2004 contains an article that mandates Tanmia to work with regional economic departments and CCIs to develop a proposal for establishing an SME council.

Finally, effective support for UAE WSEs cannot be offered without enhanced insight into both the women entrepreneurs and the businesses they operate. Further studies are needed, especially larger surveys that result in representative data on the WSE sector in the country. Estimates of the total number of WSEs (around 3,000) do not take into consideration the probably large number of home-based activities in which Emirati women are engaged. While initiatives like that of the Sharjah branch of the EBWC to undertake a survey of WSEs in the emirate are applauded, it is recommended that such surveys be organised in a coordinated manner (e.g. synchronised methodology on the basis of unified questionnaires) so that the results will be comparable. Registration of women entrepreneurs by relevant organisations (e.g. EBWC) would facilitate the design of a solid sampling frame for such WSE studies.

5.5.2 Specific Support Services for Traditional and Modern WSEs

It is also suggested that a range of WSE support services be considered. Consistent with the analysis presented, a distinction is made between traditional and modern WSEs:

(i) Assistance for women engaged in traditional activities:

- Continued benign neglect with regard to the formal status of these activities
- Marketing support, if possible beyond the conventional exhibitions and festival stands, for instance the development of structural linkages between these women and larger commercial outlets (e.g. supermarkets such as Union Cooperative, hotels and established curio shops)
- Feasibility study of the establishment of a special facility to house traditional WSEs (e.g. in a separate building or in a part of major shopping malls) to overcome housing and marketing problems
- Introduction of quality control practices
- Technological support in terms of R&D for improved product design, and especially new forms of packaging, in those cases where it is warranted by the market potential of the product.

A major challenge for the development of assistance for traditional WSEs would be to create the conditions for young women to follow in the footsteps of elderly Emirati women. They are only likely to do this when there is sufficient demand for the products of the traditional activity and evidence that this demand is likely to continue into the future. This means support for traditional activities will have to be considered on a case-by-case basis, first establishing the economic case for such assistance. It can be expected that a number of the existing traditional activities will not qualify, as they are too labour-intensive or substitutes already exist in the market. Obviously this still leaves the option of deciding to support some of these activities, for instance traditional handicrafts, for socio-cultural reasons.

(ii) Support for women entrepreneurs in modern small businesses

- Special loan schemes for UAE women entrepreneurs and/or a special quota for loans to be allocated to women entrepreneurs in general small business loan programmes. These should be guarantor-based, collateral-free, small loans (e.g. an average of Dhs 200,000) against appropriate conditions (e.g. repayment over three years). In view of the apprehension of women when it comes to taking out a loan, due attention should be given to the suitability of group loans
- Broad range of training courses and other modalities to transfer business knowledge/experiences and skills to women entrepreneurs
- Enhanced availability of market information and capacity to prepare market and feasibility studies
- Identification of suitable market niches for WSEs and the development of new activities appropriate for WSEs (see below)
- Special business networking events for women entrepreneurs.

It is suggested that, in general terms, preference be given to modern activities over traditional activities. They have substantially more growth potential and can contribute significantly to the diversification of the economy.

In this respect, it is recommended that assistance be given to prospective UAE women entrepreneurs in the identification of economic activities that are especially suitable for WSEs. For instance, it would seem that various e-services could be developed in which WSEs can engage. They appear particularly appropriate for young Emirati businesswomen as they require a relatively high level of education; familiarity with the English language and computer skills; require limited outside contacts; and can be largely operated from the home. The development of e-service WSEs would also contribute towards UAE aspirations in this area.

The promotion of WSEs should have a solid base and it is therefore important to ensure that all trades in which WSEs are, or will be, engaged are screened for economic feasibility. The task of screening existing WSE trades and identifying new ones with more growth potential could be taken on by the CCIs. Alternatively, the body proposed for WSE promotion (as part of wider SME development) could be staffed and equipped to handle these matters.

5.5.3 Capacity-building

There is a major need for capacity-building for the promotion of UAE WSEs. It is recommended that such capacity-building be initiated without undue delay, and occur at the level of: (i) local government, (ii) banks, (iii) 'general' SME support organisations, and (iv) women's organisations.

At the level of *local government*, it is recommended that awareness raising be initiated and that the staff of economic development departments and municipalities responsible for the issuing of trade licences be trained to (a) make them sympathetic and supportive of the intentions of women starting small businesses, and (b) redress any remnants of past notions in which such ideas were not openly encouraged, or even actively obstructed.

At the level of *banks and special loan schemes*, capacity-building is needed in view of women's apprehension about borrowing money to start a business. It is recommended that the capacity-building focuses on: (i) recruitment and training of dedicated, female loan officers for women, (ii) general staff training to assist women entrepreneurs, e.g. in the preparation of loan applications and the presentation of market or feasibility studies, and (iii) the development of special products (e.g. group loans). Furthermore, attention should be given to introducing/strengthening gender-specific monitoring systems.

At the level of '*general*' *SME support organisations*' there is a considerable need to strengthen the emphasis on providing support for women entrepreneurs. As pointed out before, WSEs are not always optimally benefiting from the existing services. In the UAE, a proactive approach is required, beyond a gender-neutral offering of services, to actually reach this target group. The following activities are therefore recommended:

- The development of special support packages for WSEs
- Special all-female training courses, focussing on such things as: 'how to start a business' for UAE women entrepreneurs; preparation of market and feasibility studies; small business management; financial administration; personnel management; quality control; marketing techniques; negotiation; customer relations; price setting; exporting for WSEs; and business networking
- Development of new marketing assistance schemes, for instance creating collective marketing opportunities for WSEs by setting up special stores, or perhaps permanent exhibitions, or forming small groups of WSEs which develop joint projects (see Box 2)

- Special exposure visits for women entrepreneurs – both nationally and regionally/internationally
- Setting up special mentoring schemes in which established UAE (or Arab) businesswomen are available to advise young women entrepreneurs.

It is important that organisations representing UAE women entrepreneurs are closely involved in both the design and implementation of support schemes directed at WSEs.

At the level of *women's organisations*, and especially the Emirates Businesswomen Council, capacity-building is particularly urgent. Among the most urgent support needs are: (i) strategic planning to further “flesh out” a vision, exact target group and operational strategy, (ii) getting to know and mobilise the UAE women entrepreneurs to be assisted, (iii) recruitment of professional staff, (iv) determining the need for and, if necessary, developing a package of services for its members and possibly for other eligible entrepreneurs, and (v) local and international networking with (women) business development organisations.

EBWC should be helped to focus on a distinct set of services in support of SME organisations that are not being provided by others in the market, in particular by the existing specialised SME support organisations. One example might be to contract-out various training activities to specialised training providers. The promotion of networking, on the other hand, might be an activity that EBWC may want to undertake itself, for which its capacity should then be built up and professionalised in order to arrive at a set of effective networking activities.

With regard to networking, as well as to its own future development, EBWC may want to consider more of a sub-sector approach. It is often more effective to organise membership and support activities by grouping WSEs from relatively large sectors which are involved in like activities.

All the capacity-building activities need to be well prepared, closely monitored and carefully coordinated. It is recommended that these functions be based in a special section in the UAE Small Enterprise Development body that was referred to earlier.

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ANNEX

FINDINGS OF SMALL SURVEY OF WOMEN IN HOME-BASED ACTIVITIES

In the initial research (Haan 2002) among Dubai women entrepreneurs engaged in home-based, micro-enterprises (up to five workers) with a special *Intilaq* trade licence, the participants were found to have the following characteristics:

- Often young, in the range of early twenties to late thirties
- Generally well educated with the majority having at least some higher education
- Some have undergone some management or other business skills training
- Before starting their business, most of the WSE owners worked, either in large private firms, banks or the government sector, for an average period of over four years
- A number of the women have now left these jobs to concentrate on their home-based business or for family reasons
- The main reason for the women starting their own enterprises was often to gain experience in running a business and to expand into a large firm, but also 'to have something to do' and turn their hobby into a business
- Women entrepreneurs, in contrast to many male entrepreneurs in the UAE, generally focus their efforts on one business venture.

The home-based activities under study displayed some of the following features:

- They mostly concern trading (e.g. clothing and handicrafts) and service activities (social services and training), but also include some small-scale manufacturing (e.g. ceramic gifts and bed covers/linen)
- Their initial capital investment is very low, usually less than Dhs 5,000 - although sometimes the investment was more than Dhs 100,000 (for the e-commerce venture)
- Women entrepreneurs dedicate widely varying time to their business, ranging from five hours per week to 30-70 per week for those who are engaged in the activity full-time
- More than half of the home-based activities refer to forms of self-employment; others get assistance from one or more family members; and the e-commerce business already employs three nationals and two Asian workers (and is expecting to expand its workforce to fifteen within a year)

- The home-based activities under study had initial sales of Dhs 2,000-5,000 per month, but appear to show substantial potential for growth as the same ventures now have monthly sales of Dhs 10,000-20,000; profits likewise have significantly increased and are now in the range of Dhs 5,000-20,000 per month (while the e-commerce business expects profits to double to Dhs 100,000 within a year)
- The main problem facing the majority of these enterprises is related to marketing their goods and services: since they operate from a home-base and there is no suitable outlet to sell the products, it is often difficult to find customers (except for the e-commerce firm).

On the basis of these preliminary findings it can be concluded that very small, home-based ventures appear to constitute an interesting way to start a business, as they require little capital and can be done alongside a regular job. Some of these businesses have found niches in the market which are quite profitable, so that the owners have been able to leave their jobs and can employ family members or even others.

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