

Determinants of entrepreneurial risk among young Emiratis

Linda Smail

Zayed University, College of Interdisciplinary Studies, Dubai, United Arab Emirates

Linda.smail@zu.ac.ae

Mouawiya Alawad

Zayed University, Institute of Social and Economic Research, Dubai, United Arab Emirates

Aleciane da Silva Moreira Ferreira

Federal Institute Baiano, Bahia, Brazil

Jorge López Puga

Faculty of Educational Sciences, University of Granada, Spain

Ana María Ruiz-Ruano García

Faculty of Psychology, University of Granada, Spain

Summary

Economies are considered complex systems therefore, the individual entrepreneurs embedded in those economic webs must cope with risky decisions when trying to maximize economic profit.

The propensity or ability of entrepreneurs to take optimal decisions in situations under uncertainty has sometimes been considered a negative feature. However, entrepreneurs are not currently considered mindless decision takers, but optimal decision-makers when situations are inherently

uncertain. They are expected to efficiently manage uncertainty in economic markets to make a profit from it. They make calculated risky decisions to take advantage of uncertain situations to build economic wealth.

It is the role of entrepreneurs to canalize uncertainty to produce competitive goods or services. This is one of the reasons why some initiatives have been taken to develop educational programs in which specific training on risky decisions is included. In the context of entrepreneurial education, training is also critical in terms of risk management. As a result, providing the right environment to allow potential entrepreneurs to develop their abilities to cope with uncertainty efficiently is critical if we want to boost the positive role of entrepreneurs in economies.

Scientific literature has given great relevance to risk-taking behaviors among entrepreneurs, as a result, it can be expected that potential entrepreneurs in the sample tend to show higher levels of propensity to risk taking as compared to no-potential entrepreneurs. The present research studied the relationship between fear of failure, risk aversion, and entrepreneurial intention and innovation. It also explored the impact of the country's support on entrepreneurial intention. The variables that precede behavioral intention like self-efficacy and subjective norms were also studied.

The study concluded that UAE youth are risk averse when: a) they do not receive government support, b) they have a perception of low self-efficacy, c) they are afraid of failure, and d) they perceive considerable obstacles and barriers. In addition, it is concluded that it is necessary to stimulate the creativity and innovative mindset of students.

It is important for policymakers in the UAE to promote youth entrepreneurship by providing the needed governmental and institutional resources and easing obstacles that they face. University teaching and incubating should also emphasize design thinking to mitigate risk and reduce the degree of fear of failure. Finally, a well-developed strategy with wide and encouraging support from the public and private sectors and educational institutions will assist the youth's entrepreneurial intention and to accept some higher degrees of risk, which is an important element of innovation.