2009
GEM Special Report on
ENTREPRENEURSHIP
The Emirati Perspective
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Executive Summary

The rationale for the Emirati report is based firstly on the assumption that it is possible to facilitate individuals, government and interested parties in the United Arab Emirates (UAE) to be a part of constructing a fostering environment to increase the rate of entrepreneurial activity among the Emirati population. The structure of the population and labor market has made the Emirati nationals a minority in their own country. This is important as the local Emirati becomes an even smaller minority in a modern and dynamic society among the fast growing number of expatriates. The Emirati people are undergoing a transition as their society, exposed to foreign influences, adapts to changing identities while protecting cultural and religious traditions. With Emirati citizens comprising only 20 percent of the five million inhabitants, the country is faced with a growing contingent of foreign residents that directly affects Emirati national identity (Kirdar, 2010). There is strong desire on the Government side to be able to define their own roles in relation to other ethnic groups in the country.

This report aims to disseminate the results of a substantive Emirati survey into the entrepreneurial activities of the national Emirati population within the UAE. The study comprised a random survey of 1,350 respondents from the population of the seven Emirates. To enable the Emirati report and explore entrepreneurial activity among this population a telephone survey was carried out, within the framework of the GEM, among 1,350 Emiratis aged 18 or older. This report provides insight into the development of early-stage entrepreneurship among the Emirati respondents and also places this within an international perspective. The main national random study with a sample of over 2,000 respondents does also include Emirati respondents; however, the UAE government’s drive to support local entrepreneurial activities and encourage many UAE Emiratis to launch their own businesses also clearly apparent in Abu Dhabi government’s 2030 Vision is the main driver of the oversampling of over 1,000 national Emirati respondents. The Federal, Emirate and Municipal governments have recognized the importance of entrepreneurial activity and its potential to contribute to the Emirati individual and society, in both social and economic terms.

The importance the government gives to national Emirati entrepreneurship is evident within the many initiatives that support local entrepreneurial activities. The creation of the Khalifa Fund and where it stands today in regards to increasing the dialogue amongst the government, business, and it’s citizens to facilitate entrepreneurial activity and provide an enabling environment for Emirati individuals to progress is one of its most visible initiatives. Through government initiatives of this sort financial and professional assistance to local entrepreneurs are given. Heard-Bey (2005) states the government policy of actively pursuing a non discriminatory education policy for Emirati nationals has opened up roles for women where once such roles were tightly defined as wife and mother. Moreover, the lack of research on entrepreneurship in the UAE, especially on national Emirati entrepreneurs has had constraining affects on understanding the environment and challenges facing aspiring Emirati entrepreneurs and what can be done to facilitate them without absconding the nature of becoming entrepreneurial in mind-set and aspiration.
This report through the GEM data explores the attitudes, perceptions and activities of Emirati citizens and entrepreneurs, some who have been able to progress through the dynamic process of an initial idea behind a business - what is known as the conception stage, to actually implementing activity to turn the idea into reality – known as the firm birth stage, to start-up their own enterprises. Based on the findings of the 2009 Global Entrepreneurship Index, start-up activity rate is on the rise among Emirati entrepreneurs. This gives confidence that further analysis is needed to understand the situation through the actions, activities and interactions taking place at this time to provide a means to further facilitate aspiring Emirati entrepreneurs make this progression.

To facilitate entrepreneurial activity among UAE Nationals low-interest loans or venture capital for new businesses and established businesses that wish to expand is supplied. In addition, efforts to provide assistance to entrepreneurs, including training programs, business consultancy and physical facilities to incubate new businesses, shared services – accounting, HR and administrative support – to reduce costs – all of this is provided to UAE Nationals with the aim of encouraging the development of Emirati driven SME’s.

The Global Entrepreneurship Monitor (GEM) focuses on collecting and analyzing entrepreneurship-related data and provides an annual assessment of the level of “early-stage entrepreneurship” and the conditions to which it is subject. The Global Entrepreneurship Monitor (GEM) is a worldwide research program focusing on entrepreneurship and it has contributed to increasing knowledge in this area by collecting relevant harmonized data on an annual basis.

Within the framework of GEM a TEA index (Total early-stage Entrepreneurial Activity) is developed to enable it to measure early-stage entrepreneurship. It is a composite of variables identifying nascent entrepreneurs who are individuals currently involved in concrete activities to set-up a new business and owners of baby businesses which are less than 42 months old. In other words, it combines the two categories, start-ups and baby businesses. In other words, this index indicates new business and owners of baby businesses which are less than 42 months old. In other words, this index indicates nascent entrepreneurs who are individuals currently involved in concrete activities to set-up a new business and owners of baby businesses which are less than 42 months old. In other words, this index indicates nascent entrepreneurs who are individuals currently involved in concrete activities to set-up a new business and owners of baby businesses which are less than 42 months old.

This report compares entrepreneurial activity between Emiratis and expats in the UAE and makes cross comparisons between Emirati entrepreneurs and other innovation-driven country entrepreneurs as well as entrepreneurs from the MENA region.

From the 54 countries a total of 20 countries fall into the category of innovation-driven economies. These countries are the following: Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Israel, Italy, Japan, Republic of Korea, Netherlands, Norway, Slovenia, Spain, Switzerland, United Kingdom, United Arab Emirates, and United States. From the 54 countries a total of 12 countries from the Middle East North Africa (MENA) region have participated in the GEM study. These countries are Algeria, Iran, Israel, Jordan, Lebanon, Morocco, Saudi Arabia, Syria, Tunisia, West Bank and Gaza Strip, United Arab Emirates, Yemen. There are only two countries from the MENA region that are classified as innovation-driven countries, these are the UAE and Israel.

The 2009 Emirati Report is important for these key reasons:

- To foster entrepreneurship among Emirati Nationals as part of the UAE’s economic development efforts.
- To facilitate entrepreneurship into the education system at all age levels to nurture and encourage future Emirati entrepreneurs.
- To promote business innovation and start-up of Emirati SMEs in all seven Emirates.
- To better understand the attitudes and perception of Emiratis towards entrepreneurship.
- To identify entrepreneurial activity and attitude towards entrepreneurship at the regional level.
- To identify the challenges aspiring Emirati entrepreneurs face to develop ways to support their activities.
- To increase entrepreneurial activity among Emirati females by identifying the challenges they may face.
- To raise interest and facilitate collaboration among stakeholders to support National business fundamentals.

Entrepreneurship Activity Rates Among Emirati and UAE Expat Entrepreneurs Compared to Overall UAE Participation Rates

- The number of Emirati adult population who was involved in early-stage entrepreneurial activity (as measured by the TEA-index) increased to 14.7% in 2009.
- The index for Emirati nascent entrepreneurs has risen to 6.4% in 2009, while the index for young business owners is at a high of 9.6% in 2009.
- The overall UAE nascent entrepreneurs rate has increased from 4.6% in 2007 to 6.5% in 2009.
- The increase of young business owners indicates an optimistic outlook for business growth expectation. 26.9% of the Emirati adult population expect about the same growth compared to a year ago, whereas 31.2% expects somewhat higher growth and 13.2% expect even higher growth compared to one year ago.
Only 12.7% of Emirati entrepreneurs predominantly to maintain income. The share of necessity motivation is 9.0% for expats and 6.0% among Emiratis. This is among the highest of all countries that participate in GEM. The reason might be that 54.0% of the Emirati population see good public interest in and understanding of the importance and need for start-ups. However, personal reasons for discontinuation of business activity is the main reason why Emirati females discontinue at 39.0% compared to Emirati male entrepreneurs at 11.6%.

Both Early-stage Emirati entrepreneurs and expatriate entrepreneurs in the UAE perceive to offer similar amounts of very latest technology usage.

Similar usage of new technology is observable for Emiratis and expatriates living in the UAE. The most frequent reason for discontinuation of a business by Emiratis is due to problems raising finance at 34.2% followed by not profitable at 23.8%.

Provide information on and improve training for start-ups, facilitate the financing of start-up expenses, and may take any other necessary measures, as well as endeavor to increase public interest in and understanding of the importance and need for start-ups.

Provide Appropriate Regulatory Framework for Startups, growth firms, formation of NGOs, Employment Contracts, Intellectual property and transfer, Risk taking (i.e. bankruptcy laws); Collateral and Credit Guarantees.

Impact of Government Legislation on Emirati Entrepreneurial Activity

- Make entrepreneurship part of the explicit mission of the state’s economic development efforts and create support mechanisms for Emirati entrepreneurs through economic development programs.
- Build entrepreneurial readiness through the Nation’s K-12 schools as a key priority.
- Offer entrepreneurship education at public universities.
- Encourage creation of public or private agencies and/or foundations to support and foster entrepreneurship education.
- Promote research and development related to technologies for developing new products and services.
- Promote the introduction of plants and equipment to substantially improve the efficiency of production and sale of products.
- Promote the introduction of new methods of business management for integrated control of product development, production, transportation and sale; and take any other necessary measures.

Larger households.

- Difficulties exist regarding access to finance, domestic resource mobilization and the support necessary for SMEs to grow and contribute fully to the economy. 40.4% of Emirati females and 38.9% of Emirati males maintain the required capital through self-funding.
- Most Emirati entrepreneurs require a total of 200,000 to 500,000 AED to start-up their new businesses.
- A majority of Emirati female entrepreneurs required between 0 to 99,999 AED to start a new business while the majority of males required 200,000 to 500,000 AED.
- In total 12.9% of Emirati entrepreneurs and 9.4% of expat entrepreneurs are engaged in social entrepreneurship.
- The rate of business discontinuation for Emirati entrepreneurs is 11.0% and 5.5% for expatriates living in the UAE. The most frequent reason for discontinuation of a business by Emiratis is due to problems raising finance at 34.2% followed by not profitable at 23.8%.

GEM category

<table>
<thead>
<tr>
<th>GEM category</th>
<th>Emirati Participation Rate</th>
<th>Expat Participation Rate</th>
<th>UAE Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-Up Businesses</td>
<td>6.4%</td>
<td>6.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Baby Businesses</td>
<td>9.6%</td>
<td>7.2%</td>
<td>7.4%</td>
</tr>
<tr>
<td>TEA</td>
<td>14.7%</td>
<td>12.9%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Established Businesses</td>
<td>9.2%</td>
<td>5.6%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

An increase in intentions to set up own business is encouraging with 65.1% of the Emirati adult population stated their intention to set up an own firm within three years time compared to 42.9% of the National population in 2009.

In the UAE about 18.6% of the Emirati early-stage entrepreneurs is male in 2009. This percentage is above the innovation-driven countries average of 8.0%.

The percentage of females involved in early-stage entrepreneurial activity amounts to 5.3% and is slightly higher than the innovation-driven average of 4.0%.

The share of independence motivated Emirati entrepreneurs among the early-stage entrepreneurs is 42.2% in the UAE and is among the highest of all countries involved in GEM.

The share of Emirati individuals that are actively involved in start-up effort is 11.9% compared to 9.7% of expatriates in the UAE. This is among the highest of all countries that participate in GEM. The reason might be that 54.0% of the Emirati population see good opportunities for starting a business in the next 6 months.

Only 12.7% of Emirati early-stage entrepreneurs indicate that they are involved in entrepreneurship predominantly to maintain income.

The share of necessity motivated early-stage entrepreneurs is relatively low in the UAE, 9.0% for expats and 6.0% among Emirati entrepreneurs.

Baby business rates are quite similar among Abu Dhabi, Dubai and Sharjah.

Total early-stage entrepreneurial activity is clearly highest in Abu Dhabi with 15.2%.

Established Emirati business owners are, on average, older than early-stage Emirati entrepreneurs. The peak occurs among those 45 to 54 years old.

Emirati individuals with a higher income bracket and individuals with a lower-income bracket are turning towards entrepreneurship.

Emirati respondents entrepreneurial activity rates based on their household size indicates that smaller Emirati families of 1 to 2 households have higher TEA rates compared to larger households.
• Promote research and development concerning remarkable original techniques related to the production or sale of products or provision of services, develop systems to facilitate the acquisition of the necessary human resources and financing through such means as shares and corporate bonds, and take any other measures.
• Promote the business stability of SMEs and to facilitate business conversion by SMEs including developing systems to prevent unfair impingement on the interests of SMEs.
• Prevent the occurrence of events such as the bankruptcy of an SME resulting from the bankruptcy of its business connections, the Government can develop mutual relief systems for SMEs and take any other necessary measures.
• Facilitate the financing of SMEs such as the strengthening of the functions of governmental financial institutions, developing a credit insurance system, fostering proper lending to SMEs by private-sector financial institutions.
• Enhance and strengthen the business fundamentals of equity capital of SMEs.

Attitudes of Emiratis Towards Entrepreneurship

• 36% of the Emirati adult population said that fear of failure would prevent them from starting a business, compared to 30.9% of expat respondents.
• The rate of fear-of-failure is 46.9% for Emirati females and 31.2% for Emirati males. This may reflect the fact that Emirati males in the UAE have more options available and better safety nets compared to Emirati females.
• Individual perception to entrepreneurship in regards to three out of three for Emirati males is considerably higher at 33.8% compared to 18.9% Emirati females.
• The percentage of respondents who knows a person who started a business in the past 2 years for Emirati female responses is 41.3% and 58.9% for Emirati male responses.
• Seeing good opportunities for starting a business within the next 6 months is very high overall for UAE and especially high among Emirati respondents at 44.0% of female Emiratis and at an even higher rate 58.6% for male Emiratis.
• Individual Emirati respondents increased perceptions of their own skills, knowledge, and experience is evident in both females at 40.5% in 2007 to 57.9% in 2009 and for males from 55.6% in 2007 to 77.8% in 2009.
• Emirats in the UAE for the National Culture Support for Entrepreneurship reflect a favorable attitude. 79.9% of the Emirati adult population considers starting a business to be a good career choice. 82.3% of Emirati females and 77.8% of Emirati males Emirati consider starting a business as a good career choice.
• 90.0% of the Emirati adult population say that people in UAE attach high status to successful entrepreneurs.
• The share of Emirati informal investors in the UAE has risen to 11.7%. The prevalence rate of informal investors in the UAE is among the highest of those countries participating in GEM.

1. Introduction to Emirati Report

Going back only a few decades the United Arab Emirates was not the innovation-driven economy it has been labeled today. The UAE has risen from one of the poorest countries in the world to an income level comparable to that of the industrialized nations. However, the UAE did not pass through the development ‘phases’ that most developed countries seem to have experienced because of its large oil revenues. Through oil revenues the UAE has short-cut the challenge of wealth accumulation necessary for economic development. The UAE economy has been strongly pursuing a strategy of industrialization to diversify the sources of its national income and reduce its dependence on oil. The abundance of natural mineral resources, the ready availability of financial capital, a well-established infrastructure, a flexible labor and employment policy, the availability of cheap energy, industrial zones and various incentives in legislation, plus political and social stability have been the main facilitators for UAE development.

On the other side, the readiness and willingness of the people of the country may be slightly a different situation. There appears to be two major and common weaknesses in the UAE: the lagging and inadequate primary and secondary school systems, and the lack of research activity and innovation.

• Education system needs to be tailored more to the market needs. Industry should tell educators what they need and this should be implemented. More practical subjects need to be taught. Feasibility studies courses should be taught. (NE2009)

Moreover, besides these two major constraints in regards to the acceleration of entrepreneurial activity among Emirati citizens there occurs to be unique constraining factors:

• There are social barriers that prevent the development of entrepreneurship among Emirati nationals. Enough encouragement is not being given to young people. Families need to teach children that running one’s own business is completely acceptable and should not be viewed negatively. (NE2009)
• Family values push youngsters towards secure government jobs. UAE national business people are very risk adverse. Emiratis prefer working for the government rather than the private sector as it offers higher salaries and shorter working hours. (NE2009)
• Failure is viewed as a disgrace. (NE2009)
• Being a female is not a barrier to being an entrepreneur and this needs to be emphasized. (NE2009)
• A culture of dependence has been created with the ‘sleeping partners’ law. The income generated from oil reserves has led to a demobilized population with limited needs for entrepreneurship. (NE2009)
• Young Emirati are said to not know the value of money, everything is being handed over to them without any effort. A culture of laziness and complacency exists in the UAE. (NE2009)
• Owning a large business is more about prestige and image than being successful. (NE2009)
• There is a stigma attached to owning your own small business and working hard for your money. (NE2009)
• The current Emiratization schemes running in the UAE seem to be counter-productive to the development of UAE nationals. Quota systems normally result in the emergence of stereotypes. (NE2009)

The local sponsorship law inhibits venture creation among Emiratis. Moreover, the transfer of knowledge is not possible with this law. The findings from the National Expert Survey 2009 indicate that the right of local sponsorship given to Emirati citizens has demobilized the population with limited needs for entrepreneurship and has constructed a youth that lacks the value of money. As one Emirati National expert put it, “everything is being handed over to them without any effort - a culture of laziness and complacency exists in the UAE.” The Rentier State discourages Emiratis to participate actively in the workforce as the extremely generous welfare state provides its citizens with education, healthcare, and housing at no cost.

In terms of financial-economic parameters, there is so far still little urgency for many Emiratis to get actively involved in business. As long as they have access to government employment and the possibility to be less actively involved as sponsors of business entirely run by non-nationals, many Emirati citizens may postpone getting full-time into business. The local sponsor requirement that was created within the legislative framework developed in the 1970s and has handicapped small business initiative and has played a negative role in developing entrepreneurship activity in the UAE. Local nationals both men and women have used this legislation as a tool to source relatively low risk and fixed income streams by acting as a silent partners as opposed to going out and starting their own business.

In the UAE the family is the basis of society as mentioned in Article 15 of the constitution and moreover Article 16 requires welfare and social security legislation be promulgated to protect “childhood and motherhood,” as well as those who are unable to look after themselves. The UAE Constitution which guarantees the principles of social justice for all, in accordance with the precepts of Islam stipulates that:

The family is the basis of society, which shall be responsible for protecting childhood and motherhood. Laws shall be formulated in all fields to observe this protection and care, in a way which safeguards the dignity of women, preserves their identity and secures for them the conditions appropriate for a prosperous life and suitable work which is in accordance with their nature and capabilities as mothers and wives and as workers.

(United Arab Emirates Yearbook, 2006)

As a result, certain laws and policies tend to reinforce traditional roles for women rather than encourage true equality between the genders. This creates the need to play a duality for women - working at home as a mother and at work as a woman. Women are left in situations where they have to choose between their work and the responsibilities at home. When they perform the duality of work, it can produce a limitation in their professional development. The legislation itself may seem to communicate a constraining message. Therefore, frustration can arise due to the roles that they have to play.

Due to the swift nature of policy change in the UAE, most find it difficult to keep up with new laws and regulations constantly being implemented. Apparently, the National Expert survey findings indicate that there is no visible follow-through and assessment of whether these policy changes work or not. Thus, there is an essential need to communicate changes being made and to promote the transparency of governmental regulations.

Among National Experts some indicated that there is a strong consensus that “mixed” environments are necessary for young graduates to develop their networking skills. As most young Emirati women (and men) come from segregated environments, interaction in the workplace becomes a challenge. Placing men and women in the same classroom sends the right message that women are as capable as men when it comes to work and decision making abilities. This said, the UAE constitution provides every Emirati citizen with the right to freely choose his or her own occupation, trade, or profession within the limits of the law and subject to regulations on that profession or trade. However, many National Experts argue that families limit activities that women can participate in ‘because they are women.’ Furthermore, there are many reasons given for the relatively slow entry into and the weak retention of UAE Nationals into the workforce and this is said to be particularly a problem for UAE National women. Emirati women are permitted to license, own and head their own businesses. Their actual economic involvement spans across many sectors, including trade, real estate, restaurants, hotels and retail (Kirdar, 2010). However, Sayed (2002) claims that though women are free to enter into businesses of their choice, some municipalities have created barriers that prevent women from applying for licenses without the signature of a male guardian.

It is hoped that this report will facilitate dialogue in improving the educational standards across the UAE and open discussion on ways to increase investment in a range of research centers linked to universities. The lack of a research culture and research centers in the UAE acts as a major constraint on the capacity to be a truly innovative and knowledge creator and not only an end user of the innovation created by other countries. This Emirati report aims to provide the grounds to pulling in all stakeholders and their resources to create new knowledge-based activities that will help aspiring Emiratis overcome challenges they face and increase entrepreneurial activity among the local Emiratis. Moreover, help diversify the economy of the UAE by boosting the quality of Emirati entrepreneurial start-ups.
1.1 Introduction

Entrepreneurship is effective in changing the economic landscape of a country (cf. Baumol, 2002; Wennekers, et al. 2005; Van Stel, 2006). But still today the understanding of the relationship between entrepreneurship and national growth is far from complete. There is a lack of cross-national harmonized data on entrepreneurship. The Global Entrepreneurship Monitor (GEM) is a global research initiative focusing on entrepreneurship and it has contributed to increasing knowledge in this area by collecting relevant harmonized data on an annual basis. The GEM focuses on three main objectives:

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

This report serves as an extensive report of an analysis of the Emirati population through an over-sampling of a further one-thousand respondents from the Emirati population across the seven Emirates. In line with its objectives, this report takes a broad view of entrepreneurship and focuses on the role played by individuals in the entrepreneurial process. Unlike most entrepreneurship data sets that measure newer and smaller firms, this report studies the behavior of Emirati nationals as individuals with respect to starting and managing a business.

Since 2006, UAE GEM has, with the exception of 2008, collected harmonized data on an annual basis to help government search for ways of continuing to build its economy. The relationship between development and entrepreneurship has stimulated a comprehensive approach, while aiding the UAE to become an innovation-driven economy. In turn, the contribution of entrepreneurship to economic growth consists in playing the role of a “knowledge filter” that transforms inventions into commercially viable products and processes (Acs, Audretsch, Braunerhjelm, and Carlsson, 2004). Entrepreneurs in the UAE are the driving force behind shaping innovation, speeding up structural changes in the economy, and in opening the doors to new competition.

This realization, in turn, has generated a significant amount of interest in how government policies may be instrumental in fostering entrepreneurial activity. Policy makers in the UAE continue enhancing entrepreneurial framework conditions as the ultimate approach to make the economy more dynamic and innovation-oriented. This requires high quality basic requirements, as well as efficiency-enhancing conditions which are critical in ensuring a proper functioning of the market through attracting more opportunity based start-ups. For instance the Doing Business project of the World Bank has shown how relatively low cost interventions can dramatically increase the entry of new business into the formal economy. In other words, the UAE as an innovation-driven economy should maintain the basic requirements and efficiency enhancers while its key focus should be on entrepreneurial conditions for economic development.

1.2 Aim of Report

Within this report a multi-faceted nature of entrepreneurship shall be taken. In other words, a range of environmental conditions affect the attitudes, activity and aspirations which are the three main components in producing a dynamic economy which facilitates socially significant activity, employment and wealth.

One of the main policy implications of the previous two reports is that “one size does not fit all.” In other words, if entrepreneurial efforts are to be allocated to productive activities in the UAE, policy strategies, with respect to entrepreneurship, need to be tailored to the specific demographic, socio-graphic and psychographic context of the country.

This report is particularly interested in identifying the Emirati context to better tailor needs of Emirati entrepreneurs. For instance, the environment required for the emergence of productive entrepreneurship are likely to differ significantly between a rural area, a high-technology cluster, and a metropolitan area. Therefore policy design needs to take account of the differences in the local environment, and to adapt to the different scale and nature of existing resources, networks, and market capabilities.

Furthermore, the contribution of entrepreneurs to an economy also varies according to its phase of economic development. GEM differentiates countries based on their different levels of economic development since entrepreneurial activities vary with economic development the role of entrepreneurship may be observed between countries in similar economies.

GEM uses the following three key classifications to group countries based on their level of economic development:

1. Factor-driven stage
2. Efficiency-driven stage
3. Innovation-driven stage

According to this classification, the UAE falls into the category of an innovation driven economy.
Box 1: List of 54 GEM 2009 competing countries according to their economy classification

<table>
<thead>
<tr>
<th>Factor-Driven Economies</th>
<th>Efficiency-Driven Economies</th>
<th>Innovation-Driven Economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria*</td>
<td>Argentina</td>
<td>Belgium</td>
</tr>
<tr>
<td>Guatemala*</td>
<td>Bosnia &amp; Herzegovina</td>
<td>Denmark</td>
</tr>
<tr>
<td>Jamaica*</td>
<td>Brazil</td>
<td>Finland</td>
</tr>
<tr>
<td>Lebanon*</td>
<td>Chile*</td>
<td>France</td>
</tr>
<tr>
<td>Morocco*</td>
<td>China</td>
<td>Germany</td>
</tr>
<tr>
<td>Saudi Arabia*</td>
<td>Colombia</td>
<td>Greece</td>
</tr>
<tr>
<td>Syria*</td>
<td>Croatia*</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Tonga</td>
<td>Dominican Republic</td>
<td>Iceland</td>
</tr>
<tr>
<td>Uganda</td>
<td>Ecuador</td>
<td>Israel</td>
</tr>
<tr>
<td>Venezuela</td>
<td>Hungary*</td>
<td>Italy</td>
</tr>
<tr>
<td>West Bank &amp; Gaza Strip</td>
<td>Iran</td>
<td>Japan</td>
</tr>
<tr>
<td>Yemen</td>
<td>Jordan</td>
<td>Republic of Korea</td>
</tr>
<tr>
<td></td>
<td>Latvia*</td>
<td>Netherlands</td>
</tr>
<tr>
<td></td>
<td>Malaysia</td>
<td>Norway</td>
</tr>
<tr>
<td></td>
<td>Panama</td>
<td>Slovenia</td>
</tr>
<tr>
<td></td>
<td>Peru</td>
<td>Spain</td>
</tr>
<tr>
<td></td>
<td>Romania*</td>
<td>Switzerland</td>
</tr>
<tr>
<td></td>
<td>Russia*</td>
<td>United Kingdom</td>
</tr>
<tr>
<td></td>
<td>Serbia</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td></td>
<td>South Africa</td>
<td>United States</td>
</tr>
<tr>
<td></td>
<td>Tunisia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uruguay*</td>
<td></td>
</tr>
</tbody>
</table>

For a broader description on the role of entrepreneurship in different phases of economic development please refer back to the UAE GEM National Report 2009.

1.3 Model and Methodology

As explained in the National Report, the GEM developed a TEA index (Total early-stage Entrepreneurial Activity) to enable it to measure early-stage entrepreneurship. This index provides insight into the share of the adult population (18-64 years old) that is setting up a new business or owning and managing a young business that is less than 42 months old. More exactly, the measure contains both nascent entrepreneurs (people who are currently actively involved in setting up their own business) and young or new business owners (people who currently manage and own a business that is less than 42 months old).

1.4 Set Up of the Report

This Emirati report provides insight into the development of entrepreneurial activity among the Emirati population through the analysis of the Emirati population. In this major study, the opportunity was taken to over-sample for a minimum of another 1,000 Emirati respondents. The final count was an additional 1,350 respondents of Emirati nationality. The report further disseminates the results of an extensive national survey, a random sample of no less than 2,000 respondents from all seven Emirates, into the entrepreneurial activities of the population, both Emirati and Expatriates within the UAE. Over 3,000 respondents have assisted by providing the data on which the analysis presented in this report and the National report is based.

The set up of this report is as follows. First, Part 1 provides an introduction into the UAE GEM 2009 Emirati Report. Part 2 provides an update of entrepreneurial activity among Emiratis in the UAE. In Part 3, entrepreneurial attitudes and perceptions in the UAE and related items are compared between Emiratis, Expats, MENA countries and Innovation-driven economies. Part 4 examines regional entrepreneurial attitudes and activity within the UAE. In Part 5 innovation is the central topic. This section looks not only at the innovativeness of Emirati entrepreneurs but also at the extent to which UAE consumers (intend to) use innovative products and how this affects their lives. Part 6 takes a closer look at the rise of female entrepreneurship in the UAE and lastly, Part 7 concludes the report and provides policy implications to its readers.
2. Entrepreneurial Activity Among Emirati Population

Entrepreneurial activity is the creation of new ventures through the exploration of opportunities which bear uncertainty and propensity for taking risk to bring together factors of production that may prosper and create jobs. Entrepreneurship is a process which may be measured by an individual’s intentions, activities and interactions.

Participation rates throughout this report will be explored referring to four main groups. The first group will refer to the percentage of respondents from the Emirati Random Sample population, the second group will refer to the Expat Random Sample population, the third group will refer to the percentage of respondents from MENA and the fourth group will refer to the percentage of respondents from innovation-driven country participants who are involved in an entrepreneurial venture at one of three levels, that is:

- As a “start-up’ venture;
- A Baby (or Young) Business’; or
- An ‘Established Business’.

GEM also reports what is known as the TEA rate, the acronym represents the Total Entrepreneurial Activity Index. It is a composite of variables identifying nascent entrepreneurs who are individuals currently involved in concrete activities to set-up a new business and owners of baby or young businesses which are less than 42 months old. In other words, it combines the two categories, start-ups and baby businesses.

- Within the framework of the GEM, the nascent entrepreneurship rate is defined as the “percentage of 18-64 population who are currently actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages, or any payments to the owners for more than 3 months”.

- Within the GEM framework the young firm ownership rate is defined as the “percentage of 18-64 population who own and manage a running business that has paid salaries, wages, or any other payment to the owners for more than three months, but not more than 42 months”.

In 2009 14.7% of the Emirati adult population was involved in early-stage entrepreneurial activity (as measured by the TEA-index). This involved both being active in setting up own business (nascent entrepreneurs) and managing/owning a firm that has existed for less than 42 months (baby or young business owners). Nascent entrepreneurs are potential entrepreneurs who are actively involved in concrete activities to start up their own business. They are individuals who take steps to found a new business, but have not yet succeeded in making the transition to new business ownership (Carter, Gartner and Reynolds, 1996). It is the stage in the business lifecycle before actually owning their new business.

2.1 Entrepreneurial Participation Rate of Emiratis, Expats, the UAE, MENA and Innovation-Driven Economies

The participation rate of individuals involved in Start-up, Baby Business (or Young), and Established Businesses as well as the TEA index are given in the figures below among the four main groups plus the overall UAE participation rates. This rate is predominately analyzed throughout the UAE GEM 2009 National Report.

Table 1: Participation Rates

<table>
<thead>
<tr>
<th>GEM category</th>
<th>Emirati Participation Rate</th>
<th>Expat Participation Rate</th>
<th>UAE Participation Rate</th>
<th>MENA Participation Rate</th>
<th>Innovation-Driven Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-Up Businesses</td>
<td>6.4%</td>
<td>6.3%</td>
<td>6.5%</td>
<td>6.9%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Baby Businesses</td>
<td>9.6%</td>
<td>7.2%</td>
<td>7.4%</td>
<td>4.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>TEA</td>
<td>14.7%</td>
<td>12.9%</td>
<td>13.3%</td>
<td>11.6%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Established Businesses</td>
<td>9.2%</td>
<td>5.6%</td>
<td>5.7%</td>
<td>6.6%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

To highlight the findings in Table 1, business start-up rate is highest in the MENA and lowest in innovation-driven countries. UAE as a member of both groups fairs well with a near average start-up rate to the MENA average. However, in baby businesses, Emiratis flur high at 9.6% compared to both MENA (4.9%) and innovation-driven countries (3.0%). Lastly, participation rate of Emiratis in both TEA (14.7%) and established businesses (9.2%) is highest among the groups. Table 1 provides information beyond traditional analyses of economic growth and competitiveness which have tended to neglect the role played by new and small firms in the economy. The GEM takes a more comprehensive approach and also considers the degree of involvement in entrepreneurial activity within a country. GEM views national economic growth and the aggregate level of economic activity in a country as being associated with newer and smaller firms as well as with established firms but its focus lies on early stage entrepreneurial activity. Small and newer firms innovate, fill market niches and increase competition, thereby contributing to resource reallocation in
economic activity. By considering the complementary nature of economic activity among different groups of firms, the GEM links a nation's economic activity to the interplay of established and new and smaller firms and so doing it contributes to a clearer understanding of why entrepreneurship is vital to the whole economy (Bosma et al, 2008).

Pre-organizational phenomena such as intentions to enter an entrepreneurial career are both important and interesting (Bird, 1988). Krueger, Reilly and Carsrud (2000) state that intentions should be taken into account when predicting entrepreneurial behavior in addition to individual and situational variables. However, there is often a considerable time-lag before intentions lead to action (Katz, 1992; Reynolds, 1994). Even so, assessing intentions might be valuable in understanding trends in entrepreneurial activity. For this reason, besides participation rates, expectation to start up is also provided in the tables below.

2.1.1 Participation Rate by Emirate

The number of Emirati respondents participating in this study is 1350. Below on the following pages an outline and brief discussion of the Emirati respondents based on Emirate, age, gender, income level, employment situation, household size, and education by percentage is provided.

Table 2: Participation Rate of Emirati Respondents by Emirate

<table>
<thead>
<tr>
<th>% of Respondents</th>
<th>Abu Dhabi</th>
<th>Dubai</th>
<th>Sharjah</th>
<th>Al Fujairah</th>
<th>Ras Al Khaimah</th>
<th>Umm Al Quwain</th>
<th>Ajman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expects to Start-Up</td>
<td>72.4%</td>
<td>61.0%</td>
<td>63.4%</td>
<td>67.3%</td>
<td>65.9%</td>
<td>52.8%</td>
<td>53.8%</td>
</tr>
<tr>
<td>TEA</td>
<td>15.2%</td>
<td>11.8%</td>
<td>12.8%</td>
<td>32.2%</td>
<td>20.5%</td>
<td>16.4%</td>
<td>16.7%</td>
</tr>
<tr>
<td>BB</td>
<td>8.9%</td>
<td>8.4%</td>
<td>8.5%</td>
<td>32.1%</td>
<td>15.0%</td>
<td>13.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>SU</td>
<td>6.3%</td>
<td>4.7%</td>
<td>6.4%</td>
<td>11.0%</td>
<td>5.5%</td>
<td>2.5%</td>
<td>15.6%</td>
</tr>
<tr>
<td>EB</td>
<td>9.1%</td>
<td>11.8%</td>
<td>6.9%</td>
<td>20.6%</td>
<td>5.0%</td>
<td>5.2%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Table 2 provides the actual involvement in entrepreneurial activity, it indicates differences in the stage pattern of entrepreneurial activity across the seven Emirates. Comparison of Emirates may not be permissible as the per cent of respondents are significantly different from one Emirate to the other. Some caution needs to be placed on findings as the sample sizes are relatively small when broken down by one type of business activity, attitude or perception across seven Emirates. For this reason, for regional analysis purposes percentage of respondents from each Emirate should be taken into consideration, yet the number of respondents do reflect and have been weighted to suit the make-up of the UAE population distribution. Although the range of entrepreneurial activity from one region to the next may vary the results suggest that region (Emirate) has no significant independent effect on TEA after controlling for personal factors.

With this in mind, baby business rates are quite similar among the three larger Emirates: Abu Dhabi, Dubai and Sharjah. However, both expectation to start a business in the next three years and total early-stage entrepreneurial activity is clearly highest in Abu Dhabi with 15.2%. Among the smaller Emirates, high rates of entrepreneurial activity takes attention in Al Fujairah compared to the other smaller Emirates. Also Ajman’s rate of start-up activity is significantly higher than all the other Emirates.

2.1.2 Participation Rate by Age

Scholars of entrepreneurship in a variety of disciplines agree that age, gender, work status, education, income, and access to financing are all significant socioeconomic factors in a person’s decision to start a business. The decision to start a new business is a complex, multi-layered process, contingent to a large extent on the context in which the decision is taken. In addition, the aggregate level of entrepreneurial activity of an individual and country is crucially influenced by both the individual and countries entrepreneurial capacity. The entrepreneurial capacity of a country depends on its people. After all, people start businesses and people are the source of entrepreneurial behavior within established organizations of all sizes. Table 3 provides Emirati entrepreneurial activity rates by age category.

Table 3: Participation Rate of Emirati Respondents by Age

<table>
<thead>
<tr>
<th>AGE (YRS)</th>
<th>18-24</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Respondents</td>
<td>14.7%</td>
<td>51.7%</td>
<td>22.8%</td>
<td>5.6%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Expects to Start-Up</td>
<td>72.4%</td>
<td>68.1%</td>
<td>62.1%</td>
<td>54.5%</td>
<td>38.9%</td>
</tr>
<tr>
<td>TEA</td>
<td>9.9%</td>
<td>16.0%</td>
<td>16.0%</td>
<td>25.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>BB</td>
<td>4.6%</td>
<td>11.9%</td>
<td>9.2%</td>
<td>12.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>SU</td>
<td>5.9%</td>
<td>6.2%</td>
<td>7.4%</td>
<td>12.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EB</td>
<td>2.5%</td>
<td>7.7%</td>
<td>10.9%</td>
<td>30.8%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

Not surprisingly, established business owners are, on average, older than early-stage entrepreneurs.

1 GEM APS is also useful in that it also captures a forward looking measurement of potential business start-up activity over the next three years.
The peak occurs among those 45 to 54 years old, whereas individuals 18 to 24 years old are least likely to be established entrepreneurs. This is because people are more likely to remain business owners in more mature age brackets only if their businesses are successful. Yet, there seems to be no effect of age on TEA after controlling other personal conditions.

In the long run, demographic change can influence the entrepreneurial capacity of a country. And an aging population, like the ones found in several Western European countries, may have negative implications for the prevalence of business start-up activities. And an extremely young population, like the one in the UAE, may have to provide in trying to empower the youth who are endowed with much energies to channel their energies into enterprise creation. It rests on the UAE government to empower younger Emiratis by equipping them with skills, financial assistance as well as creating the enabling atmosphere for them to take hold of their future.

2.1.3 Participation Rate by Gender

In general, men are more likely to start a business than women. In all of the participating GEM countries, women are less active in starting and owning businesses when compared to men. However, significant differences exist in the size of the gender gap between countries. Below Table 4 lays out Emirati females and males entrepreneurial participation rates.

Table 4: Participation Rate of Emirati Respondents by Gender

<table>
<thead>
<tr>
<th>GENDER</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of respondents</td>
<td>29.0%</td>
<td>71.0%</td>
</tr>
<tr>
<td>Expects to Start-Up</td>
<td>62.7%</td>
<td>66.1%</td>
</tr>
<tr>
<td>TEA</td>
<td>5.3%</td>
<td>18.6%</td>
</tr>
<tr>
<td>BB</td>
<td>1.7%</td>
<td>12.9%</td>
</tr>
<tr>
<td>SU</td>
<td>3.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>EB</td>
<td>2.6%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

Overall, TEA is almost three times higher for males compared to females; however, the interesting finding is when it comes to actual baby businesses. In regards to start-up activity women are not too far behind men, but in actually owning and running a young business women appear to be seven times less likely to succeed compared to the rate of men.

Although there are multiple reasons behind this gap, the role that male family members have in influencing the behavior of Emirati women in moving across the phases of entrepreneurship requires exploration. Do Emirat women’s male social network partners inhibit them moving from start-up to baby business? Based on earlier findings, 99% of Emirati women have not even tried to start a business according to Preiss and McCrohan (2007). This differs markedly from traditional entrepreneurship theory which strongly advocates the benefits and the support social network partners provide an entrepreneur in moving from a business idea to the creation of a business. It is evident that the gender gap exists for both early-stage entrepreneurial participation and established business owners.

2.1.4 Participation Rate by Household Income Level

A systematic relationship between household income and entrepreneurial activity can also be expected. For early-stage entrepreneurs, the availability of income has a two-edged effect. On the one hand, a high income from a wage job limits the incentives to start a business. On the other hand, a high income might help a potential entrepreneur to finance his or her business venture. For established business owners, the reported income levels are more likely to be a result than a precondition of entrepreneurial activity because many established entrepreneurs work full-time in their own businesses.

Table 5 shows that Emiratis show a similar pattern to the overall UAE participation rate by income level. Both individuals with a higher income and individuals at a lower-income are turning towards entrepreneurship. However, one difference with the overall UAE figure is that Emirates from an income level of 4,000 to 7,000 AED are more likely to be involved in early-stage entrepreneurial activity compared to those below 4,000 AED income level participants. This may imply that Emiratis from a relatively lower income level are turning towards entrepreneurship partially out of necessity, yet this figure however is very low at 6.0%, this may imply that entrepreneurial activity from lower household income levels may be more so in order to simply improve their income level. Overall, income level has no significant effect on TEA after controlling other personal conditions.

When compared to factor-driven and efficiency-driven economies the income groups are less pronounced in innovative-driven countries. This is intuitively consistent with the lower rates of necessity-driven entrepreneurship found in these countries. The prevalence of established business ownership shows a similar pattern. Although higher income levels are much more common among established business owners in higher-income countries than in lower-income countries. It appears that in the UAE there are differences in the type and quality of businesses between these two clusters.

Table 5: Participation Rate of Emirati Respondents by Income Level

<table>
<thead>
<tr>
<th>INCOME LEVEL (AED)</th>
<th>Above 15,000</th>
<th>12,001 to 15,000</th>
<th>7,001 to 12,000</th>
<th>4,000 to 7,000</th>
<th>Below 4,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Respondents</td>
<td>76%</td>
<td>9.2%</td>
<td>5.8%</td>
<td>5.6%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Expects to Start-Up</td>
<td>67.2%</td>
<td>66.3%</td>
<td>55.0%</td>
<td>54.2%</td>
<td>43.2%</td>
</tr>
<tr>
<td>TEA</td>
<td>16.7%</td>
<td>5.0%</td>
<td>5.6%</td>
<td>19.4%</td>
<td>4.7%</td>
</tr>
<tr>
<td>BB</td>
<td>11.7%</td>
<td>2.3%</td>
<td>2.1%</td>
<td>6.9%</td>
<td>0.7%</td>
</tr>
<tr>
<td>SU</td>
<td>6.7%</td>
<td>2.6%</td>
<td>3.9%</td>
<td>12.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>EB</td>
<td>10.7%</td>
<td>0.3%</td>
<td>8.6%</td>
<td>8.5%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>
2.1.5 Participation Rate by Employment Situation

Table 6 shows that participation rates of people currently starting a business in both full-time or part-time. Participation rates in early stage entrepreneurial activity, especially baby businesses are lower among people who are currently not working (e.g., due to unemployment), or who are not actively participating in the labor market because they are either students or retired. This is likely because of the abundance of safety nets and social welfare for unemployed Emirats. There appears to be a significant effect of occupational status on TEA for Emirats. Part-time working Emirats are more likely than full-time working Emirats to be involved in Total early-stage entrepreneurial activity.

Emirati entrepreneurs may distribute their time between their own business, leisure-time, and possibly a regular wage job. As a result, not all Emirati entrepreneurs must work full-time in their own business. Table 6 shows the ratio of early-stage entrepreneurs and established business owners who work full-time or part-time in their own business. Approximately 14.5% of early-stage entrepreneurs and 4.9% of established business owners only work full-time in their own business. Part-time entrepreneurship is consequently more frequent. More than 16.5% of early-stage entrepreneurs and almost 8% of established business owners work part-time in their own business. The higher share of part-time employment among established business owners may suggest that a significant number of people become less involved in their venture over time and as the business becomes successful. Yet, interestingly, 5.5% of Emirats involved in full-time employment are active in business start-up activity compared 3.5% of part-time employed Emirats.

Table 6: Participation Rate of Emirati Respondents by Employment Situation

<table>
<thead>
<tr>
<th>EMPLOYMENT SITUATION</th>
<th>% of Respondents</th>
<th>Expects to Start-Up</th>
<th>TEA</th>
<th>BB</th>
<th>SU</th>
<th>EB</th>
</tr>
</thead>
<tbody>
<tr>
<td>full-time work</td>
<td>51.9%</td>
<td>65.6%</td>
<td>14.5%</td>
<td>9.7%</td>
<td>5.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>part-time work</td>
<td>48.1%</td>
<td>34.4%</td>
<td>85.5%</td>
<td>90.3%</td>
<td>94.5%</td>
<td>95.1%</td>
</tr>
<tr>
<td>self-employed</td>
<td>10.5%</td>
<td>82.6%</td>
<td>40.3%</td>
<td>24.1%</td>
<td>24.7%</td>
<td>45.2%</td>
</tr>
<tr>
<td>seeking employment</td>
<td>2.1%</td>
<td>58.4%</td>
<td>8.9%</td>
<td>0.1%</td>
<td>8.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Retired or disabled</td>
<td>3.8%</td>
<td>56.4%</td>
<td>3.6%</td>
<td>0.0%</td>
<td>3.6%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Student</td>
<td>7.5%</td>
<td>65.0%</td>
<td>2.8%</td>
<td>1.0%</td>
<td>2.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Full-time homemaker</td>
<td>10.6%</td>
<td>43.9%</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Other</td>
<td>1.7%</td>
<td>65.6%</td>
<td>22.4%</td>
<td>21.1%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

2.1.6 Participation Rate by Household Size

Table 7 provides a breakdown of Emirati respondents entrepreneurial activity rates based on their household size. Interestingly, smaller families of 1 to 2 households have higher TEA rates compared to larger households. This may have to do with the collective nature of Emirats in regards to decision making and risk taking. The less number of family members may decrease the odds of clashing opinions in regards to starting up a business and also lessen risk taking in regards to the number of people one is responsible of care taking. However, household size does not have a significant effect on TEA after controlling other personal conditions at play.

Table 7: Participation Rate of Emirati Respondents by Household Size

<table>
<thead>
<tr>
<th>HOUSEHOLD SIZE</th>
<th>% of Respondents</th>
<th>Expects to Start-Up</th>
<th>TEA</th>
<th>BB</th>
<th>SU</th>
<th>EB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>8.4</td>
<td>81.2%</td>
<td>25.4%</td>
<td>18.4%</td>
<td>11.4%</td>
<td>4.7%</td>
</tr>
<tr>
<td>3-4</td>
<td>10.1</td>
<td>68.0%</td>
<td>9.3%</td>
<td>4.6%</td>
<td>4.7%</td>
<td>12.1%</td>
</tr>
<tr>
<td>5-6</td>
<td>26.4</td>
<td>58.3%</td>
<td>12.4%</td>
<td>4.6%</td>
<td>6.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>7+</td>
<td>55.0</td>
<td>66.7%</td>
<td>13.0%</td>
<td>7.9%</td>
<td>5.9%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

2.1.7 Participation Rate by Education

The educational background of individuals influences both their chances in the regular labor market and their potential for starting a business, and people with more education usually have better job alternatives. As a result, the relationship of education and entrepreneurial activity is complex and varies between countries. Education data have been standardized across countries by the GEM team to enable comparability.

Table 8 shows the relationship between educational attainment and entrepreneurial activity among Emirati individuals. A significant correlation between education and TEA among Emirats has been established after controlling other personal conditions. Emirats with post-secondary education (vocational training or college) and first stage of tertiary (undergraduate) schooling experience expect to be more involved in early-stage entrepreneurial activity. A somewhat similar pattern emerges for established businesses. Yet, the distribution is different for established business owners. Here, individuals in the lowest educational attainment category are more likely to be established business owners as people with postsecondary schooling and almost as likely with
people with undergraduate school experience. A possible explanation for this could be that the educational profile of entrepreneurs in the UAE has changed over time, and that younger and highly educated individuals are now starting ventures which are innovative and high-tech businesses.

Table 8: Participation Rate of Emirati Respondents by Education

<table>
<thead>
<tr>
<th>EDUCATION</th>
<th>Pre-primary</th>
<th>Primary</th>
<th>Lower secondary</th>
<th>Upper secondary</th>
<th>Post-secondary</th>
<th>First stage of tertiary</th>
<th>Second stage of tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Resp.</td>
<td>4.7%</td>
<td>0.0%</td>
<td>14.5%</td>
<td>26.5%</td>
<td>15.4%</td>
<td>38.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Expects to Start-Up</td>
<td>47.8%</td>
<td>0.0%</td>
<td>54.7%</td>
<td>66.0%</td>
<td>71.8%</td>
<td>68.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>TEA</td>
<td>4.1%</td>
<td>0.0%</td>
<td>8.9%</td>
<td>15.9%</td>
<td>12.6%</td>
<td>18.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>BB</td>
<td>0.0%</td>
<td>0.0%</td>
<td>6.2%</td>
<td>8.9%</td>
<td>10.2%</td>
<td>12.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>SU</td>
<td>4.0%</td>
<td>0.0%</td>
<td>2.7%</td>
<td>8.5%</td>
<td>5.1%</td>
<td>7.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EB</td>
<td>10.7%</td>
<td>0.0%</td>
<td>0.7%</td>
<td>5.0%</td>
<td>4.9%</td>
<td>17.1%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Lastly, there is considerable evidence that higher levels of relevant human capital which describes an individual's investment in skills and knowledge, as indicated by education, experience and self-reported skills increases individuals' propensity to engage in venture start-up processes (Davidsson, 2006). Quality differences in start-ups are quantified by the education level of the entrepreneur, i.e. participated in post-secondary education and the uniqueness of the product/service measured by competition (Acís and Szerb, 2009). Hence, education, especially secondary education, plays a vital role in teaching and developing entrepreneurial skills. In this regard, the new education strategy adopting a 50-point initiative adopted by the Ministry of Education is a positive step forward where students will be encouraged to participate in extra-curricular activities in order to improve decision making abilities, personal and leadership skills and their ability to work as a part of a team.

2.2 The Degree of Early-Stage Entrepreneurial Activity

In 2009 14.7% of the UAE Emirati adult population is involved in early-stage entrepreneurial activity. This is the highest compared to other innovation-driven economies (6.3%), and in-line with the average for the MENA-countries (12.0%) participating in GEM. The World Bank recently released its 2009 Doing Business Report, which assesses 181 countries with regard to the ease of doing business for small and medium enterprises (SMEs), which serves to capture the influence of regulations on firm start-up. The index comprises 12 measures of the different regulatory aspects of start-up and existing businesses. This year, the United Arab Emirates saw its ranking in the overall ease of doing business improve by eight positions, from 54th in 2008 to a current 46th. Despite the improvement, the UAE’s position is lower than the positions of many of its neighbors in the Gulf Cooperation Council (GCC): Saudi Arabia ranks 16th, Bahrain ranks 18th and Qatar ranks 37th. Interestingly, the ranking of countries on the TEA is almost the reverse of the country ranking on the Doing Business Index: Developed countries dominating the first places on the TEA index and the last places on the Doing Business index. Among innovation-driven economies, the United Arab Emirates and Iceland have the highest rates of TEA, with the United States only just making the top quartile, along with Greece and Norway. Japan, Belgium, Denmark, Hong Kong, and Italy are in the lowest quartile. Among innovation-driven nations, Germany, Japan and the Republic of Korea had relatively high proportions of necessity-driven entrepreneurship of 30% or more. Among factor-driven countries, for example, Saudi Arabia, with a high reliance on income from oil extraction, has a very low TEA rate at 4.7%, and similarly the proportion of necessity-driven entrepreneurship is also low at 12%. For a fuller description of MENA region early-stage entrepreneurial activity, please refer to the GEM MENA Report 2009.

2.3 Access to Financing

A large quantity of research has shown the importance of financing for entrepreneurial decisions. Among various topics, extensive documentation exists on the importance of financial constraints on entrepreneurial decisions (Evans and Jovanovic 1989, Kihlstrom and Laffont 1979), and on the importance of venture capital, especially in innovation-driven countries (Shepherd et al. 2003, Zacharakis and Shepherd 2005). GEM data provides important insight on the role and structure of financing for entrepreneurial activity with respect to many sources of funds, such as self-financing and the role of informal investors.

Difficulty in assessing start-up finance is a major barrier that prevents aspiring entrepreneurs from starting businesses. Not neglecting the fact that entrepreneurs may face lack of start-up financing as one of the difficulties in assessing start-up finance, there are other factors that come into play such as ignorance of sources of finance and lack of a saving culture.

It is quite unfortunate that the problem with access to financial capital has been long due though there seems to be some improvement. In 2006, it was recorded that entrepreneurs in the UAE relied on their savings or borrowing from their friends and relatives as the main source of financing in the view of the fact that credit from the formal banking system to the informal sector is very limited. In 2009 difficulties still exist regarding access to finance, domestic resource mobilization and the support necessary for SMEs to grow and contribute to fully to the economy. Interestingly still both Emirati females (40.4%) and Emirati males (38.9%) maintain the required capital through self-funding.

In Figure 2 in the UAE most Emirati entrepreneurs require a total of 200,000 to 500,000 AED to start-up their new business followed equally by 500,000 to 999,999 AED and 999,999 to 1,499,999 AED.
Similar to the global phenomena that men in general and also in the UAE are more likely to start a business than women; men are also more likely to require more capital to start up their new business compared to women. A majority of Emirati female entrepreneurs required between 0 to 99,999 AED to start a new business while the majority of males required 200,000 to 500,000 AED. Furthermore, 32.0% of Emirati entrepreneurs, in Figure 3, reported greater difficulty starting a new business compared to a year ago. In 2009, although business start-up seemed to be more difficult for nearly half of the respondents, the number of Emiratis starting, owning, and managing businesses increased.

This may be an indicator that certain entrepreneurial conditions are in place as an increase in entrepreneurial activity in times of slowdown, requires entrepreneurs to feel comfortable venturing out by being facilitated to adapt to the changes in the environment.

2.4 Global Crisis Impact

In 2009, one in four new entrepreneurs in wealthy countries and 36.9% of Emirati entrepreneurs and 40.5% of expatriate entrepreneurs believed that the global slowdown had created more opportunities for their business, not less. As stated in GEM Global 2009 Report "This is a significant and interesting group. They are more likely to be young, well-educated and expect to create a lot of jobs for others. They represent a sign that we can emerge from recession by creating new businesses, products, and services" (Bosma, 2009).
2.5 Entrepreneurial Motivations

Identifying an opportunity is the first step in the process of venture creation and it often builds a solid base for further actions, such as obtaining capital (Burke, FitzRoy and Nolan (2002). Krueger (2000) states that without a good opportunity, potential entrepreneurs lack the intention and motivation to pursue an entrepreneurial endeavor. The GEM data for the Emirati population confirms this pattern.

GEM measures two types of entrepreneurship based on two different motivations:

1. Opportunity Entrepreneurship: A person sees an opportunity in the market that they believe they can satisfy through opening their own business
2. Necessity Entrepreneurship: A person will start their own business due to the lack of better job alternatives.

The main driver for creating a start-up for Emirati respondents is opportunity. The data is not presented here but opportunity motive as expected is somewhat higher for Emirati females at 97.9% compared to males at 89.7%. This outcome is not surprising as Emirati women’s desire to work is considered voluntary as is their contribution to the family income. Moreover, the most important motive for pursuing this opportunity is to first increase personal income and second to gain greater independence and thirdly, maintain income as seen in Figure 5 below.

Figure 5: Entrepreneurial Motives

The average share of early-stage entrepreneurs motivated by increasing wealth across all innovation-driven countries is 28.3% and MENA countries participating in GEM is 29.9%.

In the participating innovation-driven countries, the share of necessity motivated early-stage entrepreneurs is relatively low: 17%. However, in all early-stage entrepreneurship in the innovation-driven countries an increase by about twenty-five percent has taken place in comparison to 2008. This share is very low in the UAE as seen in Figure 5: 6.0% for Emiratis and 9.2% for expats in the UAE. However, in many countries because of people losing their jobs there is an increase in necessity-driven entrepreneurship.
Individuals may have different motives to start a business as seen in Figure 6. In general, the share of necessity entrepreneurship tends to be higher in developing countries compared to developed countries. In MENA countries the average rate of necessity-driven entrepreneurship is 29%, it drops to 17% in innovation-driven economies and goes down to as low as 6% for Emirats and 9% for UAE overall.

**Figure 6: Entrepreneurial Motivation Rates**

![Figure 6: Entrepreneurial Motivation Rates](image)

Stated earlier many people start their own business because they perceive an opportunity in the market and want to take advantage of this. With the GEM data it is possible to distinguish between opportunity entrepreneurs who start a firm mainly in order to gain independence and those who start a business with the main reason to increase their income. On the other hand, some people are forced into entrepreneurship because they have no alternative job options.

**Figure 7: Opportunity versus Necessity Motive**

![Figure 7: Opportunity versus Necessity Motive](image)
The underlying initial reason nascent entrepreneurial activity as seen in Figure 8 is opportunity motive, and to a lesser extent, the established business is an outcome of the same Opportunity motivation.

**Figure 8: Nascent Entrepreneurial Motive**

![Bar chart showing nascent entrepreneurial motive percentages](image)

Observed in Figure 9, the opportunity motive for start-up and baby business for the Emirati population is built around the desire to increase one’s income, but combined with an even stronger desire for independence.

**Figure 9: Business Start-Up Motive**

![Bar chart showing business start-up motive percentages](image)

In contrast the desire to increase one’s income increases whereas their desire for independence decreases over time.
As challenges of running a profitable venture become clearer in the mind of the entrepreneur, (see Figure 10) their initial motive for starting the business overtime may have been lost.

Figure 10: Established Business Motive

![Graph showing business motives](image)

2.6 Social Entrepreneurship

This year GEM data includes social entrepreneurship: individuals engaged in entrepreneurial activities with a social goal, whether profit or non-profit, public or private. Although entrepreneurship is generally seen as contributing to the economic development of a country, it can be used for social policy. According to Levie (2009), “Rates of social entrepreneurship may reflect what the state is doing, a lot of social entrepreneurial activity starts because people see needs that aren’t being met by the state or by private industry, or around issues that may not seem profitable for private industry.” Besides this Social entrepreneurial activity appears to rise slightly with stage of economic development. In total 12.9% of Emirati entrepreneurs and 9.4% of expat entrepreneurs are engaged in social entrepreneurship.

In Figure 11, from this share 5.9% of Emirati females and 4.2% of Expat females are involved in some form of business activity with a social objective compared to 15.8% of Emirati males and 11.2% of Expat males.

Figure 11: Social Entrepreneurship Business Involvement

![Graph showing social entrepreneurship involvement](image)
In Figure 12 below, social entrepreneurship rates across the three Emirates range from 12.1% to 12.9%. There is no significant difference in relation to social entrepreneurship business involvement from one Emirate to the next.

Figure 12: Social Entrepreneurship Business Involvement by Emirate

![Social Entrepreneurship Business Involvement by Emirate](image)

Countries with the highest prevalence of social entrepreneurs in the 2009 GEM sample include United Arab Emirates, the U.S, Iceland and Argentina. Countries where fewer social entrepreneurs were found include Guatemala, Saudi Arabia, and Malaysia.

2.7 Informal Investment Activity

Informal investors are individuals who invest their own money in someone else’s start-up business. The informal investment rate varies significantly across countries. The prevalence rate of informal investors in the UAE is amongst the highest participating in GEM. In 2009 the share of informal Emirati investors in the UAE has risen to 11.7%.

As seen in Figure 13 below, the split between 5.3% for females and 14.3% for males.

Figure 13: Informal Investors in the Last 3 Years

![Informal Investors in the Last 3 Years](image)

Overall UAE informal investors rate is 9.0%. In international perspective, the average prevalence rate innovation-driven countries is 3.0%, while in MENA-context the average prevalence rate of informal investors is 5.0%. Both formal and informal venture capital is the main and most important source of external finance for high-growth potential start-ups and growing firms.

It may be argued that finance is not the biggest hurdle in the UAE even with the current global liquidity glut. Rather, what are missing are channels that link finance with promising entrepreneurs. Entrepreneurs must do their homework before they set out to raise money for their ventures. Understanding which sources of funding are best suited for the various stages of a company’s growth and then taking the time to learn how those sources work is essential to success. Today, rather than rely primarily on a single source of funds as entrepreneurs have in the past, they must now piece together capital from multiple sources, a method know as layered financing. Hence, it is critical for the UAE wishing to develop and support it’s entrepreneurial community to provide an environment in which entrepreneurs cannot only access sufficient funding to initiate and support their business ventures but also along with it provide the training of how to manage it.
2.8 Reasons for Closing a Business

In 2009 the rate of business discontinuation for Emirati entrepreneurs is 11.0% and 5.5% for expatriates living in the UAE. Throughout the world, aspiring entrepreneurs reported greater difficulty in obtaining financial backing for their start-up activities, especially from informal investors; however, this is not the case in the UAE. Yet, respondent who had discontinued a business in the previous 12 months was asked to give the main reason for doing so. Financial problems were cited as the main reason for quitting the business. The business itself not being profitable was the most reported financial problem. The most frequent reason for discontinuation of a business by Emiris is due to problems raising finance at 34.2% followed by not profitable at 23.8%. However, operational and financial problems are only partial reasons for exits of businesses for Emiratis. Apparently, problems with raising finance were considerably lower in innovation driven countries where the Entrepreneurial Framework Condition “Entrepreneurial Finance” is generally more developed. “The opportunity to sell” and in particular “retirement,” were mentioned more often in innovation-driven countries as the most important reason to discontinue the business. Personal reasons caused around 20% to 30% of all discontinuations in this group.

Moreover, failure rates, both in absolute terms and in proportion to all discontinuations, are lowest in innovation-driven economies, because entrepreneurs have better skills and environments are more favorable. In other words, in innovation-driven countries, more than half of the entrepreneurs who discontinued a business mentioned a different reason, such as personal reasons, retirement, other job or business opportunities, or even the opportunity to sell the business.

In the UAE among Emirati entrepreneurs besides financial challenges and the business not being profitable, 14.0% mentioned another job/business opportunity, 13.2% mentioned personal reasons, and 8.8% said there was an opportunity to sell.

Figure 14: Reason for Quitting Business
As it may be expected personal reasons for discontinuation of business activity is the main reason why Emirati females discontinue at 39.0% and when compared to Emirati male entrepreneurs at 11.6% a considerable difference is noticeable in Figure 15.

Figure 15: Reason for Quitting Business by Gender

In line, Emirati females place problems raising finance near last at 12.2% while Emirati males place this first at 35.5%. As seen in Figure below this may be due to the fact that Emirati female entrepreneurs require less capital for start-up compared to Emirati male entrepreneurs. See Figure 16. Yet, start-up capital for both males and females is through self-funding in most cases.

Figure 16: Capital Requirement for Business Start-Up by Gender
3. Entrepreneurial Attitudes and Perceptions

The UAE’s focus on increasing national attitudes towards entrepreneurship, may generate further cultural support, help financial resources and facilitate networking benefits for entrepreneurs and aspiring entrepreneurs.

In general, individuals who are involved in early-stage or established businesses tend to be more confident in their own skills, more likely to know other entrepreneurs, more alert to the existence of unexploited opportunities, and less likely to allow the fear-of-failure to prevent them from starting a new venture.

3.1 Fear-of-Failure

Fear-of-failure shows an interesting pattern. In fact, the rate of fear of failure among people who are not active in entrepreneurship in innovation-driven countries is higher than in other countries. This reflects the fact that, in factor-driven countries and somewhat efficiency-driven economies, more people are driven to starting a business by necessity and are, therefore, less sensitive to the possibility of failing. When only those who are, in fact, involved in entrepreneurship are considered, people in innovation-driven countries show higher tolerance for failure, yet the overall MENA for fear-of-failure shows higher tolerance compared to innovation-driven economies.

Table 9: Cross-Comparison Fear-of-Failure

<table>
<thead>
<tr>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.0%</td>
<td>30.9%</td>
<td>33.7%</td>
<td>37.8%</td>
</tr>
</tbody>
</table>

The rate of fear-of-failure as seen in Figure 17 is 46.9% for females and 31.2% for males. This reflects the fact that Emirati males in the UAE have more options available and better safety nets compared to Emirati females. Overall, there is still need for further interventions to reduce the fear to fail as it can have a negative effect on entrepreneurial attitudes even when opportunity recognition as well as start-up skills exist which is the case for Emirati entrepreneurs.

Moreover, the fear-of-failure prevalence rate is lower among those who see good opportunities to start a business than among the population in general.
In Figure 18, Fear-of-failure is slightly higher for Emiratis which is 36.0% compared to expats at 30.9% in 2009.

**Figure 18: Fear-of-Failure by Nationality**

<table>
<thead>
<tr>
<th>Percentage of respondents</th>
<th>Local/Emirati</th>
<th>Expat</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.0%</td>
<td></td>
<td>30.9%</td>
</tr>
</tbody>
</table>

As the perception regarding own capabilities for starting a new business increases, the fear of failure could decrease. Also, in line with the reasoning regarding the increase in the young firm ownership rate, this decrease could indicate that actually starting up a business is being perceived as less difficult than before. For instance, in 2009 3.6% of Emirati females and 7.6% of Emirati male respondents expects to set up a new business within three years time.

### 3.2 Individual Perception to Entrepreneurship

Individual Perception to Entrepreneurship Index is calculated as the sum of YES scores on “knows a person who started a business in the past 2 years”, “sees good opportunities for starting a business with the next 6 months”, and “have the knowledge, skill and experience required to start a new business”.

**Figure 19: Individual perception to entrepreneurship index**

<table>
<thead>
<tr>
<th>Percentage among answers</th>
<th>None out of three</th>
<th>One out of three</th>
<th>Two out of three</th>
<th>Three out of three</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.3%</td>
<td></td>
<td></td>
<td>34.4%</td>
<td>29.2%</td>
</tr>
</tbody>
</table>

An individual’s perception to entrepreneurship is an important indicator to his or her confidence in their own abilities. However, an entrepreneurs confidence may also vary in regards to the confidence they have in the business (Cooper, Woo and Dunkelberg, 1988). Since entrepreneurship encompasses not just the individual, but an opportunity (Shane and Venkataraman, 2000), the lead entrepreneur’s actions will be influenced not only by cognitive assessments of themselves (the individual), but also by perceptions of the feasibility of the opportunity. Is this a good opportunity? Can resources be organized sufficiently to sustain the venture? Is there demand from desirable customer segments? This assessment of the feasibility of the business will influence the entrepreneur’s confidence in the business and intentions both to start and commit resources to the business (Krueger, 1993). Intentions translate into effort and persistence when no barriers to expending effort exist (Boyd and Voizikis, 1994). Therefore a positive association between confidence in the business (the opportunity and ability to attract resources) and actions to establish the business is also expected.

Individual perception to entrepreneurship in regards to three out of three for males is considerably higher for males at 33.8% to 18.9% for females. The general attitude of an individual or of a country’s population toward recognizing opportunities, knowing entrepreneurs personally, attaching high status to entrepreneurs, accepting the risk associated with business start-up, and possessing...
the skills required to successfully launching businesses are important because they express the general feelings of the individuals and the population towards entrepreneurs and entrepreneurship. Positive attitudes can generate future entrepreneurial activity and these people can provide network partnership to those who are already entrepreneurs or want to start a business.

**Figure 20: Individual perception to entrepreneurship by Gender**

<table>
<thead>
<tr>
<th>Percentage among answer</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>None out of three</td>
<td>38.3%</td>
<td>33.8%</td>
</tr>
<tr>
<td>One out of three</td>
<td>29.7%</td>
<td>25.6%</td>
</tr>
<tr>
<td>Two out of three</td>
<td>18.9%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Three out of three</td>
<td>12.1%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

#### 3.2.1 Knows a person who started a business in the past 2 years

The percentage of respondents who knows a person who started a business in the past 2 years for female responses is 41.3% and 58.9% for male responses. This rate is high compared to other innovation-driven countries such as USA at 32.5%, UK at 23.6% and Netherlands at 33.6%.

**Table 10: Cross-Comparison Knows Person Started Business**

<table>
<thead>
<tr>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.6%</td>
<td>45.8%</td>
<td>42.5%</td>
<td>38.4%</td>
</tr>
</tbody>
</table>

#### 3.2.2 Sees good opportunities for starting a business with the next 6 months

Seeing good opportunities for starting a business within the next 6 months is very high overall for UAE and especially high among Emirati respondents. 44.0% of female Emiratis and at an even higher rate 58.6% for males. When compared across the globe UAE ranks highly in good conditions to start a business with only Norway ranking slightly higher at 48.8%.

**Table 11: Cross-Comparison Sees Good Opportunities for Starting Business**

<table>
<thead>
<tr>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>43.5%</td>
<td>45.0%</td>
<td>27.8%</td>
</tr>
</tbody>
</table>
It is argued in the literature that prior knowledge and ongoing learning play a key role in the founder’s ability to deal with the changing role they have within the business and to acquire the necessary skills to grow the business. The nature of entrepreneurial learning is an important area of concern for business support agencies and investors especially with respect to business support and lending at both the start-up and development stages.

Most studies on the supply of entrepreneurs (Shane, 2003) indicate that “the entrepreneurial process begins with the perception of the existence of opportunities or situations in which resources can be combined for a potential profit.” There is a need however to have people willing to both spot the opportunity and to act in an entrepreneurial manner to seize the opportunity. In other words, actions are most useful when they produce performance. Performance in this, and most settings, has multiple and interrelated determinants, and the attitudes and actions of the entrepreneur are amongst the key determinants.

In any theory of the entrepreneur, individual characteristics are related to performance outcomes – albeit mediated by other variables (Rauch and Frese, 2007). Therefore, while the strength of association between attitudes and performance may be low because of the diluting effect of the multiple determinants of performance, the belief that entrepreneurial attitudes are positively associated with venture performance is emphasized. Moreover, there seems to be a positive correlation between income level and opportunity identification. In Figure 17, the higher the level of income the more chances of seeing good opportunities for starting a business as seen below.

Entrepreneurs take time to develop their skills and need to be given that opportunity if successful start-ups are to be achieved. What they mainly develop that seems to determine their success are people selection and team building skills. The long running debate about the connection between experience and learning by entrepreneurs, is connected to the development of competencies amongst entrepreneurs.

A key theme of research into entrepreneurs and entrepreneurship is with respect to whether or not entrepreneurs really learn from experience. In the development of start-up training and coaching programs for mainly nascent entrepreneurs or novice entrepreneurs, attention needs to be paid not only to the development of functional competencies but also to addressing the key attribute learned, that of people selection. This may require not only the direct involvement of experienced entrepreneurs as mentors passing on their experience in this area, but also the perceptions of Emiratis on their knowledge, skills and experience in this area to start-up a new business.
3.2.3 You have the knowledge, skill and experience required to start a new business

Interestingly, the values presented below represent subjective and, therefore, possibly-biased perceptions. In other words, there is not a necessary correlation between the actual skills possessed by a person and the self-assessment of his or her abilities. Nevertheless, those with more optimistic perceptions are, in fact, more likely to start a new business. Some existing evidence suggests that over-confidence, and alertness to unexploited opportunities may contribute positively to a person’s decision to start a new business (Koellinger et al. 2005; Minniti, 2005).

Table 12: Cross-Comparison Have Knowledge, Skills and Experience to Start Business

<table>
<thead>
<tr>
<th></th>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>72.2%</td>
<td>73.6%</td>
<td>58.5%</td>
<td>42.8%</td>
</tr>
</tbody>
</table>

A somewhat significant increase from 2007 to 2009 in regards to individual Emirati respondents perceptions of their own skills, knowledge, and experience in business creation is a positive sign as this will generate higher levels of cultural support for informational, operational and financial co-operation. The increase is significant for both females from 40.5% to 57.9% and for males from 55.6% in 2007 to 77.8% in 2009.

Figure 24: You have the knowledge, skill and experience required to start a new business

An essential skill needed in entrepreneurship is business management skills. Illiteracy of many business owners creates a problem for them in management and limits their operations. Entrepreneurship is a profession and as such needs adequate learning before entering. For aspiring entrepreneurs to be engaged in enterprise creation, they need to understand business methods, be advised by highly trained people on how to plan, how to do book keeping, and be taught the intricacies of modern businesses, amongst being given other skills and experiences. These skills and experiences are much needed especially in a situation when in the UAE vocational training is almost non-existent. Aspiring entrepreneurs should therefore be provided with necessary small business management skills.


3.3 National Cultural Support for Entrepreneurship

There are three indicators measuring national attitudes to entrepreneurship:

1) The first one assesses the percentage of inhabitants who feel that in their country, starting a new business is considered a desirable career choice.

2) The second indicator describes how the inhabitants feel about entrepreneurs that are successful: do they receive a high status or are they generally not seen as a role model within society.

3) The third indicator relates to the popularity of entrepreneurship and asks for respondents’ opinions on the media coverage for new businesses in the country.

In the UAE the National Culture Support for Entrepreneurship reflects a favorable attitude towards the three indicators (see Figure 19).

Figure 25: National culture support for entrepreneurship

Cultural support is a combined measure that shows how Emiratis view entrepreneurs in terms of status and career choice. The entrepreneurial attitudes that associate most strongly with economic development are the respect and the status of being an entrepreneur, the non-fear of failure to start a business, and networking (Acs and Szerb, 2009).

3.3.1 Starting a business is a good career choice

This indicator varies widely within each of the three phases of economic development, but on average it is lower with increasing levels of economic development. This makes sense: as economies develop, more employment opportunities open up.

Table 13: Cross-Comparison Good Career Choice

<table>
<thead>
<tr>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>79.9%</td>
<td>68.6%</td>
<td>77.2%</td>
<td>57.8%</td>
</tr>
</tbody>
</table>

Figure 26: Starting a business is a good career choice

In the UAE, 82.3% of Emirati females and 77.8% of Emirati males consider starting a business as a good career choice.
3.3.2 High status for person growing a new business

Here, there is also a wide variation within country groups, a dip with increasing economic development across the three economic phases is not the case with the UAE. Overall 90.4% of Emirati respondents expressed that entrepreneurs who are successful receive a high status or are generally seen as role models within the society.

Table 14: Cross-Comparison High Status

<table>
<thead>
<tr>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>90.0%</td>
<td>73.2%</td>
<td>81.4%</td>
<td>68.8%</td>
</tr>
</tbody>
</table>

Figure 27: High status for person growing a new business

In the UAE among the Emirati respondents successful entrepreneurs receive very high status and similarly Emiratis would agree that starting a new business is seen as a good career choice. Interestingly, this situation is not prevalent in most innovation-driven economies except for Italy, Netherlands, and Spain. The highest contrast is in Finland where a high majority of respondents perceive entrepreneurs as high status but a minority perceive entrepreneurship as a good career choice.

3.3.3 Lots of media coverage for new business by gender, age and Emirate

Among other innovation-driven countries UAE scored fairly high in this third indicator along with Finland, Iceland and Norway.

Table 15: Cross-Comparison Lots of Media Coverage

<table>
<thead>
<tr>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>77.0%</td>
<td>67.3%</td>
<td>64.1%</td>
<td>53.2%</td>
</tr>
</tbody>
</table>

Figure 28: Lots of Media Coverage for New Businesses

The favorable perception of entrepreneurship among Emiratis has increased with developed efforts by Government in co-ordination with media. This has facilitated an increase in respondents’ opinions on the media coverage for new businesses in the UAE.
3.4 Future Expectations to Start-Up a Business

Entrepreneurial attitudes can influence entrepreneurial activity but also be influenced by entrepreneurial activity as well. There is an upward trend especially for Emirati females in regards to expectations to start a business from around 50.0% in 2007 to 62.7% in 2009 (see Figure 14) which may be an impact of the National Culture Support index.

Table 16: Cross-Comparison Future Expectation to Start-Up

<table>
<thead>
<tr>
<th></th>
<th>Emirati</th>
<th>Expat</th>
<th>MENA</th>
<th>Innovation-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65.1%</td>
<td>38.8%</td>
<td>34.1%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

A steady increase in the expectations of Emirati nationals wanting to start a business correlates to a direct impact of the extent to which Emiratis think there are good opportunities for starting a business, their level of risk taking and their own perceptions of their skills, knowledge and experience.

4. Regional Entrepreneurial Attitudes and Activity

4.1 Regional Attitudes and Activity

Individual entrepreneurial attitudes and activities can be explained only partly by personal or personality characteristics. Determinants of entrepreneurship must also be sought at the regional level. Entrepreneurial activity and entrepreneurial attitudes in the UAE may be compared across the seven different Emirates: Abu Dhabi, Dubai, Ajman, Al Fujeirah, Ras Al Khaimah, Sharjah and Umm Al Quwain.

There has been much progress lately in improving the rule of law and corporate governance at the national level, but there remains some obstacles to transparency and efficiency due the federal nature of the UAE. Businesses often deals with three levels of government: the federal government, the Emirate government and the Municipality. Due to the fact that business regulations vary between Emirates and are still bureaucratic and tedious, many businesses prefer to operate in free zones. New laws and policies are needed to facilitate greater foreign investment into the UAE.
4.2 Involvement in Entrepreneurial Activity

TEA rates can vary according to regional economic, demographic, and cultural contexts and may be composed of entrepreneurs who may vary in type and aspiration. Figure 30 provides an illustration of Total early-stage entrepreneurial activity across the seven Emirates.

Figure 30: Total Early-Stage Entrepreneurial Activity Across the Emirates

The range of entrepreneurial activity from one region to the next may vary for a number of reasons. For instance, the large number of business start-ups registered in Al Fujeirah due to its strategic and unique location, as the UAE’s only Emirate on East Coast, plays a key role in its development. However, the results suggest that region (Emirate) has no significant independent effect on TEA after controlling for personal factors.

This part of the report will explain regional differences taking into consideration the attitudes and perceptions of entrepreneurs as well as the cultural support for entrepreneurship of each Emirate.

4.3 Entrepreneurial Opportunity and Social Networking

In regards to employment, expatriates currently hold 99.0% of jobs in the private sector and 91.0% of positions in the government. As the economy grows, there is a risk that nationals will make up a progressively smaller percentage of employees in the UAE. If trends continue, by 2009, Emiratis will account for less than 8.0% of the workforce and for less than 4.0% by 2020. It has been reported that more than 800,000 jobs are created each year in the UAE and most of them are provided by the private sector. However, up to 10.0% of employed Emiratis resign each year due to problems in the workplace. Common reasons for discontent include low wages in the private sector; lack of training and development opportunities; negative stereotyping of locals; and a lack of trust between employees and employers (UAE 2009 Yearbook). Taking this into consideration, it is necessary to facilitate a larger pool of Emiratis to aspire a career in entrepreneurship. Additional policies are needed to foster a more significant representation of aspiring Emirati entrepreneurs across the country.

In tracking entrepreneurial attitudes, activity and aspirations over the economic cycle of a region likely changes may be predicted. For example: the economic churn in Dubai may heighten necessity-driven businesses in the coming years. Figure 31 exhibits significant differences observed regarding perceived opportunities as seen below:

Figure 31: Sees good opportunities in starting a business in the next 6 months by Emirate
One’s perception of opportunities is too complex to correlate to one or two variables, yet an individual’s networking abilities within their environment may be an important indicator of how successful they may be in achieving their business objectives. In this regard an entrepreneurs social capital is an important determinant. Social capital is “the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal, 1998, p. 243). The fundamental proposition of social capital theory is that network ties provide individuals or organizations with access to resources including knowledge (Bourdieu, 1986; Nahapiet and Ghoshal, 1998). Aldrich (1999) expected successful nascent entrepreneurs to have diverse network ties. Davidsson (2006) reported that analyses of GEM data suggest that those who know others who are self-employed are more than twice as likely to become nascent entrepreneurs themselves. Figure 32, provides an idea of the basic networking possibility of a potential entrepreneur.

4.4 Explaining Regional Differences

Each Emirate has its own culture which can be defined by physical characteristics, human characteristics and functional characteristics. Because entrepreneurship is a socio-economic phenomenon, the characteristics of entrepreneurship are contingent on the regional culture. In this respect, positive perceptions of entrepreneurship in the Emirate may be an important cultural ‘resource’ leading to higher individual engagement levels in entrepreneurial activity. Also, at the individual level, participation in entrepreneurial activity is partially explained by entrepreneurial attitudes such as the perception of opportunities, the perceived ability or self-efficacy and willingness or desirability. Moreover, individual attitudes towards entrepreneurship, possibly leading to involvement in entrepreneurial activity, may be affected by the entrepreneurial spirit of each Emirate.

Some regional differences in start-up rates may be explained by considering the basic characteristics of the inhabitants. Moreover, individual entrepreneurial attitudes and activities can be explained only partly by personal or personality characteristics, as “business activity is embedded in a broader socio-institutional context and therefore the economic dimensions or relationships cannot be separated from the socio-institutional ones” (Rocha and Sternberg 2005, p. 288). Therefore, determinants of entrepreneurship are said to be explored at the level of both the individual and the regional context. It is interesting to know exactly what explains regional differences in entrepreneurial activity. With this intention, attitudes and early-stage entrepreneurial activity has been analyzed among each Emirate across the UAE.

Even though comparable levels of perceived skills and knowledge for starting a business are found at the regional level, the population of the Emirate of Dubai and the Emirate of Al Fujeirah appear to be relatively positive about its own skills and knowledge. The differences for perceived opportunities are wide spread from 48.4% to 76.3% confidence in perceived opportunities. This may strengthen the assumption that there actually are regional differences in opportunities. There appears to be relatively little fear-of-failure when it comes to setting up a business in the Emirate of Al Fujeirah while taking into account it’s low percentage of respondents. Overall, there appears to be a lower level of fear-of-failure in Abu Dhabi, Dubai and Sharjah compared to the smaller Emirates except for the Emirate of Al Fujeirah.
Global Entrepreneurship Monitor 2009

Financial problems have been cited as the main reason for quitting the business. Yet there appears to be substantially high rates of individuals currently trying to start a new business across the UAE. The principal explanation to relatively high rates of discontinuation yet at the same time high rates of trying to start-up may be that although perceived opportunity is high, for instance in Dubai it is 58.3% and 76.3% for Al Fujeirah, yet entry into entrepreneurship is not always successful: only about one half of all aspiring business founders succeed in creating new organizations that appear in public records (Aldrich, 1999).

The relative importance of financial, human and cultural capital for individuals who try to start a business must not be taken for granted. It may be argued that more people will be drawn into entrepreneurship, as opportunities to acquire advanced human capital become more widespread. More research is needed on the individual and environmental characteristics of those individuals who are attracted to becoming an entrepreneur and who subsequently fail or succeed in this role. In addition, more research is needed in better understanding the formation process of Emirati entrepreneurs, as this process involves a series of decisions, rather than a single decision taken at a particular point in time. For this reason, combining individual, environmental and process characteristics regarding nascent entrepreneurs would bring richness to our understanding that has previously been lacking, and provide a firmer basis for policy.

It appears that regional perceptions of entrepreneurial activity do not differ substantially. Abu Dhabi scores higher than Dubai for differences in perceived opportunity as well as in the extent to which people know someone who started a business. Among the smaller Emirates, Al Fujeirah has a high rate of 67.1% for personally knowing someone who started a business, yet the other Emirates in this region are not far behind with 57.0% for Umm Al Quwain and 56.1% for Ajman. Overall, the smaller Emirates in general scored higher on this variable as this may be due to the fact that individuals are more aware of what is happening around them and in their networks that they belong to in smaller regions. It appears that Emirati males personally know more people who started a business at 58.9% than Emirati females at 41.3%. Similarly, the perception of good opportunities is much higher among Emirati males at 58.6% compared to females at 44.0%. Emiratis between the ages 25 to 45 perceive higher rates of good opportunities for business start-up compared to the other age brackets. In addition, there appears to be a positive correlation between income level and perception of good opportunities. Higher income level Emiratis perceive higher rates in good opportunity for starting a business within the next six months. This rate goes as high as 61.5% for income levels of 15,000 AED or more and low as 31.8% for income levels between 4,000 to 7,000 AED per month. Yet, this lower household income bracket at the highest TEA rate at 19.4%. This simply indicates that the low rate of necessity-driven entrepreneurship in the UAE occurs among lower income bracket Emiratis. Furthermore, perceived skills and the knowledge to start a business do not differ significantly and neither does fear-of-failure except in the Emirate of Al Fujeirah. However, Emirati males at 77.8% compared to females at 57.9% perceive to have the skills and knowledge for business start-up.

As expected, respondents indicate a positive relation between age, skill and knowledge for business start-up. Overall, 92.0% of respondents between the ages of 45 to 54 perceive to have the skills and knowledge to start a business. Moreover, respondents who are already self-employed perceive to have more skills and knowledge compared to other forms of employed individuals in regards to skills and knowledge for starting a new business. In relation, Lamont (1972) examined the influence of entrepreneurial experience on selected strategic founding activities. He found that experienced rather than novice founders were more likely to gain access to external finance, and were able to put together a venture team with a better balance of business skills. In other words, currently self-employed entrepreneurs learn from their experiences, they have the opportunity to analyze what went wrong and what went right, and eventually use the skills and

In 2009 the rate of business discontinuation for Emirati entrepreneurs is 11.0%. It appears that in the past 12 months, 2.1% of Emirati female respondents and 14.6% of male Emirati respondents sold, shut down, discontinued or quit a business that they owned and managed. This rate is highest in Al Fujeirah at 21.8% and Dubai 11.5%.

Table 17: Attitudes and early-stage entrepreneurial activity in Abu Dhabi, Dubai, Sharjah, Ajman, Al Fujeirah, Ras Al Khaimah and Umm Al Quwain

<table>
<thead>
<tr>
<th>Emirates</th>
<th>Abu Dhabi</th>
<th>Dubai</th>
<th>Sharjah</th>
<th>Ajman</th>
<th>Al Fujeirah</th>
<th>Ras Al Khaimah</th>
<th>Umm Al Quwain</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Respondents</td>
<td>33.1%</td>
<td>30.5%</td>
<td>18.3%</td>
<td>6.1%</td>
<td>3.5%</td>
<td>5.9%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Currently discontinued business</td>
<td>5.5%</td>
<td>11.5%</td>
<td>8.1%</td>
<td>2.3%</td>
<td>21.8%</td>
<td>1.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Currently trying to start business</td>
<td>23.7%</td>
<td>25.1%</td>
<td>25.3%</td>
<td>30.4%</td>
<td>42.7%</td>
<td>29.3%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Entrepreneurship realistic option in next three years</td>
<td>72.4%</td>
<td>61.0%</td>
<td>63.4%</td>
<td>53.8%</td>
<td>67.3%</td>
<td>65.9%</td>
<td>52.8%</td>
</tr>
<tr>
<td>Personally know someone who started business</td>
<td>56.2%</td>
<td>50.8%</td>
<td>49.9%</td>
<td>56.1%</td>
<td>67.1%</td>
<td>51.6%</td>
<td>57.0%</td>
</tr>
<tr>
<td>Perceived opportunities</td>
<td>64.1%</td>
<td>58.3%</td>
<td>50.8%</td>
<td>51.9%</td>
<td>76.3%</td>
<td>48.4%</td>
<td>50.7%</td>
</tr>
<tr>
<td>Perceived skills and knowledge</td>
<td>73.9%</td>
<td>78.7%</td>
<td>64.0%</td>
<td>63.4%</td>
<td>77.3%</td>
<td>62.8%</td>
<td>70.4%</td>
</tr>
<tr>
<td>Fear of failure</td>
<td>40.4%</td>
<td>32.9%</td>
<td>32.2%</td>
<td>54.2%</td>
<td>8.6%</td>
<td>39.5%</td>
<td>42.1%</td>
</tr>
</tbody>
</table>

In the UAE, Ras Al Khaimah has the highest rate of business discontinuation at 11.0%. This is followed by Dubai at 11.5% and Umm Al Quwain at 10.6%. The rate of business discontinuation in Abu Dhabi is 7.6%, Sharjah 12.2%, Ajman 11.1%, Al Fujeirah 9.0%. This indicates that the rate of business discontinuation is highest in Al Fujeirah and Dubai.
knowledge of entrepreneurship. The facilitation of this experience curve may help undertake a somewhat different, and supposedly more efficient, business start-up process for those aspiring entrepreneurs who do not have any prior entrepreneurial experience.

In Al Fujeriah only 8.6% of all Emirati respondents see fear-of-failure as something that may prevent them from business start-up. Intentions to start a business are also shown in Table 17 above. Low fear-of-failure means that the entrepreneur is prepared to risk things going wrong and can handle setbacks without being deterred. Moreover, having low fear-of-failure may be very useful in times of business chaos and uncertainty. The lower level of fear-of-failure compared to previous years may be an indicator that UAE society is becoming more supportive of entrepreneurial activity as high fear-of-failure people tend to come from more disrupted or non-supportive backgrounds.

Overall current activities and future intentions to start a business is remarkably equal across the regions. Yet, Abu Dhabi scores high with 72.4% for future considerations of undertaking entrepreneurship and Al Fujeriah scores high at 42.7% current activities to start-up a business.

Most start-ups will disappear within 5 years of birth but some will survive over the longer term. Most of those that do survive will grow to only a modest size, but a small proportion will eventually become sufficiently large to challenge industrial leaders. The challenge here for researchers and policy makers is to see how far the formation of businesses with high survival and growth prospects is driven by different processes prior to birth, and by entrepreneurs with different environmental and individual characteristics.

5. Innovation and Entrepreneurial Aspirations

Innovative entrepreneurs are one of the main links between entrepreneurship and economic growth as they are alert individuals who perceive and exploit profit opportunities. They do not only contribute toward market efficiency, these entrepreneurs introduce innovations by offering new and unique products or services.

To measure innovativeness and growth expectations, GEM asks entrepreneurs and business owners how they evaluate the newness of their product or service, the competition they face, and the novelty of their technology. Of course, it is important to remember that innovativeness and growth expectations are context specific and that what is innovative in one country may not necessarily be innovative in another (Minniti, Bygrave and Autio, 2005). Globalization erodes, to some extent, these differences. Yet, most newer and entrepreneurial businesses target national markets and, as a result, benefit and suffer more than others from the condition of their local economy.

Here the focus is on innovation activity among Emirati nationals in general, as well as on consumer attitudes towards innovation and on innovative entrepreneurship. First, a general description of innovation activity in the UAE. Second, innovation activity in the UAE. Third, innovation activity and types of businesses started. Fourth, an assessment of early-stage entrepreneurs' perception of the extent to which they make use of new technologies and consumer attitudes towards innovation is discussed. Lastly, entrepreneurial aspiration in regards to high-growth entrepreneurship is explored.

5.1 Description of innovation activity in the UAE

Schumpeter (1934), who is considered to be among the first to analyze the process of innovation, described innovation as the creation and implementation of new combinations. He argued that ‘The function of entrepreneurs is to reform or to revolutionize the pattern of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way’ (Schumpeter, 1942, p.29). These new combinations can be related to new products, services, work processes and markets. Schumpeter once defined an entrepreneur as ‘the agent that combines others into a productive organism’ (Schumpeter, 1997, p.254). Since then both the entrepreneur and innovation has been redefined many times. Authors generally emphasize the element of newness, including anything perceived to be new by the people doing it or as something different for the organization into which it is introduced. In addition to an innovation apparently being ‘something new’, definitions have other aspects in common.

King and Anderson (2002) define innovation as:

- something new to the social setting within which it is introduced, although not necessarily new to the person(s) introducing it;
- based on an idea;
- aimed at producing some kind of benefit
- intentional rather than accidental;
- not a routine change.
As stated above, an innovation aims to produce some kind of benefit. Innovation requires a proactive process where resources are allocated to identify market changes and seize upon new product opportunities before they occur. The importance of innovation for society is considerable, because innovation has a positive impact on national competitiveness. The UAE government has been facilitating the stimulation of entrepreneurship in general, but more emphasis is needed on fast-growing innovative companies as an innovation-driven economy.

Economic theories indicate that technological development contributes to long term productivity growth. New technologies, especially information and communication technology, have contributed considerably to the increased productivity of companies (De Jong, 2006). Companies are moving from selling pure products or services to selling complex solutions consisting of hybrid bundles of interrelated services and goods.

In the managed economy, economic growth is achieved by economies of scale and the diffusion of innovations for improvement by large companies. In the entrepreneurial economy the competitive advantage is achieved focusing on new knowledge or on knowledge based economic activities (Audretsch, 2004). Large companies lose their competitive advantages due to globalization and technological developments. Small and medium sized firms are required to examine new ideas and to develop new products. Due to the fact that innovation activities develop better in a non-bureaucratic environment, these firms seem to have a favorable position (Link and Bozman, 1991). It may be argued that throughout the process of innovation individual entrepreneurs can follow through and be more hands on throughout the new product development process and develop both services and solutions as well as new business models and processes for innovation generation.

5.2 Innovation Activity in the UAE

Small and medium enterprises (SMEs) make up a majority of firms in the UAE and have a significant role for driving innovation. However, due to the financial crisis and regulations, the development of SMEs and innovation becomes negatively affected. Many of these restrictions are related to bureaucratic red tape and the complexity of procedures.

Usually, new technologies and processes are associated with a better utilization of resources, higher quality of routine tasks, and higher productivity. Entrepreneurs or in other words, companies that use innovative technologies and processes can often offer qualitatively superior and/or cheaper products, and therefore enjoy higher growth potential. With this in mind, early-stage entrepreneurial activity, present intentions and future considerations of entrepreneurship appear to be highest in Abu Dhabi, Al Fujeirah and Ras Al Khaimah. Early-stage entrepreneurs in Abu Dhabi, Ras Al Khaimah and Umm Al Quwain have some mid-level technology.

As mentioned in the UAE GEM 2009 National Report there has been very little change in the level of TEA activity in high/medium tech sectors in the UAE since 2006. This apparent disconnect between growth in TEA activity across the UAE since 2009 and growth in TEA activity involved in the technology sector is concerning and reveals an area of weakness in the overall composition of entrepreneurship activity in the UAE.

**Figure 33: Technology level of the sector by Emirate**

In regards to new technology usage two observations appear:
1. Both Early-stage Emirati entrepreneurs and expatriate entrepreneurs in the UAE perceive to offer similar amounts of very latest technology usage.

Figure 34: Were the technologies or procedures available more than a year ago by nationality?

![Bar chart showing technology availability by nationality](chart.png)

A similar trend is noticeable among Emirati and Expatriate entrepreneurs of Established Businesses. However, the amount of very latest technology usage drops to 4.4% for Emirati entrepreneurs and 6.9% for expatriate entrepreneurs of established businesses.

2. Secondly, similar usage of new technology is observable for Emirati males and females.

Figure 35: Were the technologies or procedures available more than a year ago by gender?

![Bar chart showing technology availability by gender](chart.png)
Figure 36 below looks at the ambitions of early-stage entrepreneurs regarding innovation orientation. Among the three larger Emirates Sharjah and Abu Dhabi appear to have a higher early-stage entrepreneurs who are more innovation oriented compared to those in Dubai. An important step forward would be to extend government programs to stimulate innovation or training of employees to all SMEs. Through this type of facilitation it may be possible to develop knowledge spillover which is an important source of innovative activity.

**Figure 36: Innovation Orientation by Emirate**

![Bar chart showing the percentage of Emiratis in different Emirates](chart.png)

Umm Al Quwain appears to be an outlier due to the low number of respondents participating from this Emirate.

Figure 37 looks at job growth expectation. Abu Dhabi among the three bigger Emirates scores highest on job growth expectation. Overall early-stage entrepreneurial activity is highest in Abu Dhabi as is job growth expectation. The more promising type of entrepreneurial activity is found in Abu Dhabi in particular. Once more, the high rate in Al Fujairah is a strong indicator of high number of start-ups registered in Al Fujairah Free Zone.

**Figure 37: Involved in TEA, any jobs now or in 5 years**

![Bar chart showing the percentage of Emiratis in different Emirates](chart.png)
Figure 38 below looks at the ambitions of early-stage entrepreneurs regarding new technology orientation across the Emirates. Among the three larger Emirates Sharjah appears to have a very high level of early stage entrepreneurs who are more new technology oriented compared to those in Abu Dhabi and Dubai. Applying and/or creating new technology is an important feature of high-growth potential businesses.

**Figure 38: New technology oriented by Emirate**

<table>
<thead>
<tr>
<th>Emirate</th>
<th>Percentage of Emiratis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abu Dhabi</td>
<td>14.6%</td>
</tr>
<tr>
<td>Dubai</td>
<td>12.2%</td>
</tr>
<tr>
<td>Sharjah</td>
<td>47.5%</td>
</tr>
<tr>
<td>Al Fujairah</td>
<td>.%</td>
</tr>
<tr>
<td>Ras Al Khaimah</td>
<td>.%</td>
</tr>
<tr>
<td>Umm Al Quwain</td>
<td>.%</td>
</tr>
<tr>
<td>Ajman</td>
<td>68.1%</td>
</tr>
</tbody>
</table>

5.3 Innovation activity and types of business started

To analyze the sectors in which people attempt to start businesses and compare their distribution with those of established business, GEM codes activity according to the International Standard Industry Codes (ISIC). These codes identify more than five hundred different types of activity, which GEM consolidates under four main headings for ease of analysis. These sectoral groups are:

- **Extraction**: agriculture, forestry, fishing, and mining (i.e. extraction of products from the natural environment)
- **Transformation**: construction, manufacturing, transportation, and wholesale distribution (physical transformation or relocation of goods and people)
- **Business services**: the primary customer is another business
- **Consumer oriented**: the primary customer is a physical person (e.g. retail, restaurants and bars, lodging, health, education, social services, recreation).

The largest share of entrepreneurs and established business owners are active in consumer-oriented activities, while extractive activities exhibit the smallest share. The sectoral distribution of early-stage entrepreneurs and established business owners is comparable. The higher ratio of business services can be related to the availability of highly educated and qualified people that are able to provide business services. More innovative-driven economies tend to have more companies that have the financial resources and the need to demand such services. As Emirati entrepreneurs progress in their entrepreneurial development, so does their entrepreneurial activity shift away from consumer oriented services, such as retail; and moves toward business services such as consulting, maintenance of computer networks, or advertising.
Consumer oriented activities contribute to the UAE’s achievement of high growth rates. This may be attributed to the high growth rates of construction activity. In addition, the activity of financial institutions and insurance has witnessed big developments due to the liberation of financial services trade and insurance and entry of heavyweight foreign firms.

5.4 Early-stage entrepreneurs’ perception of the extent to which they make use of new technologies

Thirdly, the GEM-questionnaire contains some questions, that provide insight into the degree of innovativeness among early-stage or new entrepreneurs within a certain country. In particular, the new entrepreneurs are asked whether they are making use new technologies, to what extent other businesses are offering the same products or services and how they perceive customers would assess the novelty of their products or services.
5.4.1 The Extent of New Technology Usage

Emirati entrepreneurs can be labeled as moderately innovative in an international perspective. 21.9% of new entrepreneurs in the UAE make use of very latest technology and 29.0% make use of new technology which is between one to five years.

Figure 41: Were the technologies or procedures available more than a year ago

The global economic crisis has had strong impact in using new technology by Emirati entrepreneurs in regards to Total early-stage entrepreneurial activity. As Acs and Armington (2006) propose, it is the entrepreneurial mechanism that turns innovation into economic output. A lack of entrepreneurship can therefore be seen as a bottleneck for innovation-driven economies in achieving their growth ambitions. As the focus lies more on dynamics, and stimulating new combinations of products and markets for the UAE.

5.4.2 The Extent of Other Businesses Offering the Same Products or Services

When asked how many businesses offer the same products, 62.7% indicated many, 25.1% said few and 12.2% said some. The products and services offered by these new entrepreneurs are, in less than half of the cases, offered by few or many other businesses. Almost 38% of these new entrepreneurs mention that some or few of their customers perceive the offered product or service as new.

Figure 42: How many businesses offer the same products?

Cut-throat competition may hinder business existence and growth, so a lower number of competitors provide better surviving future development (Acs and Szerb, 2009).
In the Figure 43 below it appears as high as 65.2% of new male Emirati entrepreneurs mention that many of their customers perceive the product or service being offered by other businesses compared to 41.3% of new female Emirati entrepreneurs.

Figure 43: How many businesses offer the same product by gender?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Many</td>
<td>65.2%</td>
</tr>
<tr>
<td>Few</td>
<td>23.6%</td>
</tr>
<tr>
<td>Some</td>
<td>11.2%</td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Many</td>
<td>41.3%</td>
</tr>
<tr>
<td>Few</td>
<td>37.3%</td>
</tr>
<tr>
<td>Some</td>
<td>21.3%</td>
</tr>
</tbody>
</table>

Innovation and entrepreneurship are closely connected. GEM assesses innovation in entrepreneurial businesses by asking early-stage entrepreneurs and established business owner-manager to rate the novelty (or unfamiliarity) of their products or services relative to customers’ current experience. Secondly each entrepreneur is asked to rate the degree of competition in the market that is faced by the business: specifically, whether he or she perceives that “many,” “few,” or “no other businesses” offer similar products or services. This measure the percentage of early-stage entrepreneurs with novel product-market combinations. These entrepreneurs offer a product or service which they believe is new to some or all customers; they also believe that there are few or no businesses offering the same product. In the innovation-driven country group, EU countries emerge as having – on average – the highest relative prevalence of new product-market combinations. Among other innovation-driven economies, Asian countries have low relative prevalence.

5.4.3 Perception of Customers towards Novelty of Products or Services

Emirati adult respondents were requested to answer the question: “How many (potential) customers consider product new/unfamiliar?” Their response is an indication of their attitude towards innovation. 38.6% of the respondents chose none, about 33.8% replied some with this statement. Only 27.6% chose all. It appears that the minority of the respondents see products being offered as new. Although the figure is not provided, 37.5% of Abu Dhabi respondents, 24.1% of Dubai, and 23% of Sharjah participants chose all. It appears that Abu Dhabi consumers have a higher favorable response rate to perception of new products being offered compared to the Emirates.

Figure 44: How many (potential) customers consider product new/unfamiliar?
It appears as in Figure 45 as though female Emirati attitudes towards considering products they see as new is considerably higher than males. A total of 84.5% of females chose all or some products as being new or unfamiliar compared to 58.8% of males.

Figure 45: How many (potential) customers consider product new/unfamiliar by gender?

Lastly, 47.4% of Emirati females indicate that there are no or few competitors offering new to all or most customer products compared to 30.0% of Emirati male respondents.

Figure 46: New product market combination

5.5 Entrepreneurial Aspirations

Entrepreneurial aspirations reflect the qualitative nature of entrepreneurial activity. Clearly the UAE as an opportunity-driven market introducing new products, developing new production processes, engaging in foreign markets and finding growth through external capital stimulation have a significant impact on the economy. GEM has created measures that capture such aspirations. If these aspirations are realized they can have significant economic impact.

5.5.1 High-Growth Expectation Entrepreneurship

Entrepreneurial processes are undoubtedly linked with macroeconomic conditions, but detailed relationships may vary as a function of economic development. Not all entrepreneurial
activity similarly contribute to economic growth. Specifically, the importance of high-growth entrepreneurial activity for job creation is increasingly emphasized (Delmar et al., 2003).

All entrepreneurial activity is important but high-growth entrepreneurial activity is particularly so. Globally expectations of high-growth are rare among nascent and new entrepreneurs; however, focusing on innovation-driven countries, the UAE along with Iceland, Canada, Singapore and the USA have highest levels of high-growth expectation early-stage entrepreneurs (HEA). The HEA rate for these countries is 1% or more. Among the Emirati sample the total rate is 7.7%. The highest high-growth expectation entrepreneurship is in Al Fujeirah (32.1%) followed by Umm Al Quwain (13.9%) and Ras Al Khaimah (9.2%). This may be partially explained through employment protection policies. Entrepreneurs who face fierce employment protection will perceive the barrier to grow their business to be high, all else being equal, while entrepreneurs operating where employment is not highly protected will not perceive such barriers. Moreover, it has been found that the strictness of employment protection may also reduce the attractiveness of entrepreneurship (Bosma and Levie, 2009).

The GEM method enables the categorization of early-stage start-up attempts according to their growth expectation. GEM asks all identified early-stage entrepreneurs how many employees they expect to have (other than the owners) within five years’ time. The figure below compares high-growth expectancy rate of Emiratis compared to expats based on gender.

**Figure 48: Expects more than 19 jobs in 5 years**

When compared to expats no overall significant difference appears between Emirati and Expatriate high-growth expectancy rate. The UAE has a total rate of 6.9% high-growth expectation entrepreneurship which is one of the ‘healthiest’ countries in regards to the relative prevalence of growth-oriented entrepreneurs. The rate is 10.3% for Emirati males and 7.8% for expat males; 1.5% for Emirati females compared to 2.2% for expatriate females. There is no significant difference among the two groups. However, high-growth entrepreneurship is predominant among male entrepreneurs compared to female entrepreneurs which is similar to the international results. Much of this may be explained through the challenges that female entrepreneurs face. Section 6 of the report examines this in more detail.
Below Figure 49 illustrates which age brackets high-growth expectation entrepreneurship is coming from. It appears as 18.9% of Emirati entrepreneurs between the ages of 45 to 54 expect to employ 19 or more workers within the next 5 years. This does not sound surprising as this group has higher rates of established business ownership.

Figure 49: Expects more than 19 jobs in 5 years

![Chart showing percentage of Emiratis by age group expecting more than 19 jobs in 5 years: 18-24 years: 4.5%, 25-34 years: 8.9%, 35-44 years: 6.1%, 45-54 years: 18.9%, 55-64 years: 0.0%]

Based on the GEM 2009 Global report, “out of every ten early-stage entrepreneurs, seven expected some job creation.”

Expectations of high-growth is comparably high in the UAE among all phases of entrepreneurship. 2.2% of all Emirati start-up attempts expects to create 20 or more jobs compared to 5.9% of Baby-Business owners and 4.7% of established businesses, while the current number of jobs is as seen in Figure 50 below.

Figure 50: Current Number of Jobs

High-growth entrepreneurs, also known as ‘gazelles,’ receive high attention from policy makers because their firms contribute a disproportionate share of all new jobs created by new firms (Autio, 2007; Acs, 2008).

5.5.2 Product Novelty and Degree of Competition

Innovation and entrepreneurship are closely connected. GEM assesses innovation in entrepreneurial businesses by asking early-stage entrepreneurs and established business owners-managers to rate the novelty (or unfamiliarity) of their products or services relative to customers’ current experience.
In Figure 51 based on this 22.3% of Emirati entrepreneurs rate ‘all’ their potential customers to consider their product or service as new and unfamiliar.

**Figure 51: Product Novelty in Entrepreneurial Businesses**

Secondly, each entrepreneur is asked to rate the degree of competition in the market that is faced by the business, specifically, whether he or she perceives that “many,” “few,” or “no other businesses” offer similar products or services. Interestingly, 74.3% of Emirati entrepreneurs rate that ‘many’ of their products or services are being offered by other businesses.

**Figure 52: Degree of Competition**

Put differently, 46.3% of Emirati entrepreneurs offer a product or service which they believe is new to some or all customers; 25.7% also believe that there are few or no businesses offering the same product.

Based on the 2009 GEM Global Report these indices work well if both the availability of new products and services and the strength of competition are evenly distributed throughout the world. This is a big assumption to make. By comparing within country groups, there may be control to some extent for differences in product availability and ferocity of competition. But it may be that some countries score high on these indices merely because relatively few new products are available in them and competition is weak. For example, within the European Union, Greece, Spain, and Italy have relatively few new product-market oriented entrepreneurs in early-stage entrepreneurial activity, whereas Denmark, Slovenia, France, and Ireland have high rates. Among other innovation-driven countries, it is striking that Asian countries have low relative prevalence.
5.5.3 International Orientation of Early-Stage Entrepreneurs

The third measure of entrepreneurial aspirations describes the international orientation of early-stage entrepreneurs. Internationalization is believed to be a major determinant of growth (De Clercq, Sapienza, and Crijns, 2005). This measure is based on the extent to which customers are from other countries. Thus, it refers to exports as well as to international customers who buy products online, or visit the country as tourists or for work purposes. Figure 53 shows that 5.9% of Emirati entrepreneurs customers are more than 90.0% from abroad. Whereas almost 50.0% of customers are domestic. Approximately, 2.2% of Emirati entrepreneurs rate at least 25% of their customers from a different country.

Figure 53: Proportion of Customers from Abroad

As exhibited in Figure 54, the UAE expat community of entrepreneurs have significantly higher rates of customers from abroad, this is not surprising expatriate entrepreneurs would have in general more contacts with others from abroad, especially from their home countries.

Figure 54: Proportion of Customers from Abroad

The UAE among other innovation-driven countries rates fairly high in regards to having more than 25.0% of its customers from abroad.

6. The Rise of Women Entrepreneurs

The growth of women participation in the labor force has become structural in the last decade. The UAE government is committed to promoting the pivotal role of women in the social, economic and political development of the UAE society. Although women are increasingly starting their own businesses and contributing more and more to the national economies, the unique capabilities and assets of women entrepreneurs are not being harnessed and incorporated sufficiently. The figures speak for themselves: in the UAE, “the number of nascent Emirati female entrepreneurs has risen to 3.6% compared to 2006 which was less than 1%. Moreover, women-owned enterprises has grown to 1.7%. Clearly, the rise of women entrepreneurs is a powerful force that has the potential to greatly increase Emirati contributions to the UAE economy. Yet, the gender gap still exists as seen in Figure 55 comparing total early-stage entrepreneurial activity by gender and nationality in the UAE.
This chapter provides some useful data on women's entrepreneurship, the challenges they come across and what they are doing to overcome their constraints that women face in the business world. Designing effective programs and policies to promote women's entrepreneurship requires information about women entrepreneurs: who they are, what kinds of businesses they run, the challenges they come across and what they are doing to overcome their challenges, access the resources and the support they need to achieve business start-up and development.

The lack of data on women entrepreneurs has hindered both understanding and systematic analysis of the constraints that women face in the business world. Designing effective programs and policies to promote women’s entrepreneurship requires information about women entrepreneurs: who they are, what kinds of businesses they run, the challenges they come across and what they are doing to overcome their challenges, access the resources and the support they need to achieve business start-up and development. This chapter provides some useful data on this account.

Entrepreneurship Activity Rates Among Emirati Females

- The number of Emirati females from the adult population who was involved in early-stage entrepreneurial activity (as measured by the TEA-index) increased to 5.3% in 2009.
- The index for Emirati female nascent entrepreneurs has risen to 3.6% in 2009, while the index for young business owners is at a high of 1.7% in 2009. The increase of the TEA index indicates an optimistic outlook for business growth expectation.

Figure 55: Involved in Total Early-Stage Entrepreneurial Activity by Gender and Nationality

Amongst all nationalities total early-stage entrepreneurial activity rate is higher among males compared to females. The gender gap is greatest among GCC nationals followed by Arab expatriates and Emiratis. The lowest gender gap rating is among westerner expatriates.

Attitudes of Emirati Females Towards Entrepreneurship

- The percentage of females involved in early-stage entrepreneurial activity amounts to 5.3% and is slightly higher than the innovation-driven average of 4.0%.
- 44.0% of Emirati female indicate that they see good opportunities for starting a business within the next 6 months.
- The share of necessity motivated early-stage entrepreneurs is relatively low at 2.1% among Emirat female entrepreneurs compared to 6.5% for Emirati males.
- Difficulties exist regarding access to finance, approximately 40.4% of Emirati females maintain the required capital through self-funding.
- A majority of Emirati female entrepreneurs required between 0 to 99,999 AED to start a new business.
- In total 5.9% of Emirati female entrepreneurs and 4.2% of expat female entrepreneurs are engaged in social entrepreneurship.
- The rate of business discontinuation for Emirati female entrepreneurs is 39.0% much higher than Emirati male entrepreneurs at 11.6%.
- Personal reasons for discontinuation of business activity is the main reason why Emirati females discontinue at 39.0% compared to Emirati male entrepreneurs at 11.6%.
- The most frequent reason for discontinuation of a business by Emirati males is due to problems raising finance at 35.5%. Emirati females place problems raising finance near last at 12.2%.
- Emirat female attitudes towards considering products they see as new is considerably higher at 84.5% than Emirati males at 58.8%.
- Higher rating of Emirati females 47.4% indicate that there are no or few competitors offering new to all or most customer products compared to 30.0% of Emirati males.
- Similar usage of new technology is observable for Emirati males and females.

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- Similar usage of new technology is observable for Emirati males and females.
favorable attitude. 79.9% of the Emirati adult population considers starting a business to be a good career choice. 82.3% of Emirati females and 77.8% of Emirati males Emirati consider starting a business as a good career choice.

• 93.0% of the Emirati female adult population say that people in UAE attach high status to successful entrepreneurs compared to 88.7% of Emirati male respondents.
• 87.2% of Emirati females compared to 72.9% of Emirati males indicate an increase in opinions on the media coverage for new businesses in the UAE.
• Expectations to start business for Emirati females within the next three years has increased to 62.7% from 50.0% in 2007.

6.1 Motivation to Become an Entrepreneur

There is a wide range of research that suggests that motivation to enter entrepreneurship are similar for men and women (Buttner, 1993; Orhan and Scott, 2001; Hisrich et al, 1997), with choice factors such as wanting to be independent and a need for achievement measuring strongly for both genders. For some women, the motivation for entrepreneurship arises from negative conditions, while for others by positive opportunities (Langenfeld 1999). This categorization of motivation as negative (necessity) and positive (opportunity), or push and pull is seen throughout the literature (Brusch, 1992; Buttner and Moore, 1997; Orhan and Scott, 2001; Robinson, 2001).

Some researchers indicate that several women are becoming entrepreneurs due to both the push and pull factors (Rani, 1996; Allen & Truman, 1993). The role of push and pull factors regarding UAE women is one of interest.

For instance, the Tawteen Council has recently launched the new initiative, “Ain Al Mustaqbal” in partnership with the Emirates Foundation Tawteen and the Abu Dhabi University Knowledge Group, to proactively tackle the increasing high percentage of unemployed young women in Al Ain. The initiative aims to work closely with the private and public sector employers in Al Ain in hiring UAE nationals. Approximately, 2845 female Emirates are registered for this project. The distinction in this initiative is that the job seekers are assigned a Career Advisor and undergo counseling as well as a screening/filtering assessment process, which enhances the matchmaking of Emirates nationals with potential career opportunities including entrepreneurial career pathways. As part of the assessment process, Tawteen has agreed to incorporate a screening for potential entrepreneurs upon which such candidates can be identified to the Khalifa Fund.

The Khalifa Fund supports this initiative by participating in the one day “Taster Days”, which entails providing job seekers exposure to the workplace in various industries and work environments. The benefits of this initiative help matchmaking jobseekers, identifying potential entrepreneurs, supporting Al Ain women development and the Emiratisation process goals.

According to research conducted by the Tawteen Council, the main reasons that most young Emirati women cannot find employment are due to four key factors:

1. Shortage of attractive jobs (lack of jobs in Al Ain relative to the number of job seekers and unattractive salaries). The same may be said for many of the smaller Emirates.
2. Lack of experience. Statistics seems to indicate that at 70% of women from Al Ain have never been employed.
3. Cultural limitations. Some female job seekers do not like to travel; others are not allowed to travel by their fathers or brothers, and some do not like or want to work in a mixed environment.
4. Family responsibilities. Some women cannot leave home for work because they need to take care of their families.

Yet, it appears that Emirati female entrepreneurs are less driven by necessity or push factors compared to Emirati male entrepreneurs (see Figure 56). This may be different from one Emirate to another especially smaller Emirates compared to Abu Dhabi, Dubai and Sharjah.

Figure 56: Early-stage entrepreneurial motive by gender
In general, push factors are seen as elements of necessity and under the push-factors, women usually become entrepreneurs to get over financial difficulties. For these women, social problems, life circumstances (Inman, 2000), such as insufficient income (McKay, 2001) may be accompanied by lack of job opportunities and responsibility is usually forced on them to support their family (Holmquist & Sundin, 1991; Langenfeld 1999, Rani, 1996; Allen & Truman, 1993). In a study done by Smallbone (2001) it was found that the lack of childcare was the highest factor as a barrier to enterprise. In some circumstances, men can play the role of pushing the woman to start running her own business by being the cause of the negative condition, for example the husband can be unemployed or irresponsible and not financially support his family. This negative circumstance can cause the woman to take on the responsibilities of her family.

Moul and Anderson (2005) proposed that as children get older, the gender aspect of household responsibility may diminish and play a lesser role in the entrepreneurial activities of older women; however, they found that it continued to play a major part in the entrepreneurial activity of their respondents. It seems as though family will always come first for women, and the need of balancing will continue. The solution to this challenge that women experience is to start their own businesses (Robinson, 2001) in other words to gain the flexibility they need to fulfill both roles. However, this coping strategy of facilitating their firms within the home rather than establishing business premises outside of the home carries negative connotations (Ehlers and Main, 1998) and impacts the businesses legitimacy (Mirchandani, 1999). For instance, in the UAE the Department of Economic Development in Dubai (DEDD) started the Intilaq program in 1999 to provide support to home-based micro-enterprises. One of its essential functions was to provide special licenses for these women at reduced prices. However, eligible enterprises had to meet some requirements: be home-based in Dubai, have a maximum workforce of 10 employees which must be members of the household, and have an investment capital of less than one million dirhams. Prior to the Intilaq program, home-based businesses could not obtain trade licenses thereby making it difficult to get business assistance and bank loans.

As Emirati female entrepreneurs enter more modern entrepreneurial activity, the modern activities refers to small businesses engaged in economic activities of more recent origin, making 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, they require higher levels of financing, skills and networking with others (Haan, 2002).

GEM 2009 confirms that Emirati female entrepreneurs are highly driven by opportunity. Opportunity-driven entrepreneurship or in other words, pull factors are intrinsic attractors linked to choice. Under the pull-factors, women may choose to become entrepreneurs for greater career advancement and increase in earnings, to fulfill a dream, challenge and adventure with a desire to do something new, and to be more independent and flexible (Holmquist & Sundin, 1991; Langenfeld 1999, Rani, 1996; Allen & Truman, 1993). Similarly, Emirati female and male entrepreneur’s main motive for pursuing business start-up is to first increase personal income and secondly, gain greater independence (see Figure 57).

Many women in a variety of countries including the USA, Europe and Australia, have expressed increasing frustration with their work environments. The desire for greater challenge and the need for more flexibility in their work environment are reasons given for entrepreneurship. This has also been explored in the UAE (Erogul and McCrohan, 2008b). Furthermore, Kitching and Jackson (2002) mention that the greatest reward of business ownership for women is in gaining control over their own working lives. They also mention that women’s greatest challenge in business is being taken seriously. The opinion of not being taken seriously occurs as a problem in other studies as well (Brush, 1997 and Hollowell, Mellors and Silver, 2006).

The role of men in this position can be to provide motivation and encourage the woman to start or run her own business. The role of men under pull-factors can be seen as a type of moral support. The role of men as network partners have been found to be crucial in overcoming challenges and achieving business objectives (Erogul, 2009). Men can persuade and provide initiative to the woman to become an entrepreneur.

Although having categories of push and pull are useful in analysis, it is rare that entrepreneurial motivation would be linked to one factor. For Emirati women entrepreneurs it seems as though pull factors have a more influential role, yet the responsibility of the family may be seen as one of the most significant push factors in choosing home-based business ownership, the double burden that women have to carry in balancing home and business duties (Moul and Anderson, 2005).

Figure 57: Entrepreneurial Motives by Gender

![Figure 57: Entrepreneurial Motives by Gender](image)
6.2 Challenges Female Entrepreneurs Come Across

Women entrepreneurs play an increasing role in diversifying production and services. Most woman-headed businesses are small or medium-sized enterprises. Women have less access to finance, training, and networking resources than men do. The combined impact of globalization, changing patterns of trade, and “evolving” technologies calls for skills that women entrepreneurs do not for a large part possess.

Akin to other female entrepreneurs, Emirati women entrepreneurs also face similar challenges which can be crucial for aspiring a career in entrepreneurship and/or the survival of their business. Specifically, these difficulties are: the traditional parameters that nowadays do not fit with the desire to become professionals, lack of opportunities to be included in the entrepreneurial environment, the few possibilities of advising and technical assistance due to the lack of specialized institutions in women entrepreneurship, the absence of support in terms of programs, policies, and legal issues to improve the roles of women as entrepreneurs and the poor education in entrepreneurial tasks. It is stated that as a result of these complexities, entrepreneurial activities become very difficult tasks for women to perform (UAE Yearbook, 2008).

In a study conducted by Ergul (2008a) who interviewed 17 Emirati female entrepreneurs, asked these women to identify the key challenges that they face. Some of the key challenges they mentioned are listed below:

- Developing commitment from key individuals (e.g. family members, especially key figures such as fathers, brothers or husbands) that could be useful in starting their own business.
- Developing cooperation from their family members to meet contacts that may be useful in starting business.
- Developing cooperation from their family members to help access and use available resources.
- Accessing information on suppliers, contractors and competitors.
- Accessing and using a variety of channels to develop relationships with others to get help in hiring employees, finding a location, increasing useful contacts and locating other needed resources.
- Developing interaction with customers to improve fulfilling their needs.
- Developing and maintaining relations with suppliers who are competitive and trustworthy.
- Developing capacity to travel to close deals as well as build and maintain relations.
- Developing competence in balancing between home and work.
- Developing language and cultural awareness to deal with people from other cultures.
- Developing interaction and networking to select useful people from on-line resources such as websites, blogs and forums.

There are some noticeable similarities between the challenges faced by Emirati female entrepreneurs and other female entrepreneurs worldwide. According to a study conducted by the World Bank Group on half a dozen countries it was concluded that women identify and share five major concerns:

1- Access to information:

Women want better access to education and training. The importance of accessing new and valuable information is critical for the success of the entrepreneur’s operations. Informational support is concerned with the provision of knowledge in terms of advice, direction, suggestions, and feedback (Wan et al., 1996) that might help the individual increase their efficiency and effectiveness in responding or generating solutions to a problem (Cross, 2000). Although information is one of the strongest tools of empowerment, women’s access to and control of the media and other sources of information are limited. There is insufficient access to use of the mass media in promoting women’s positive contribution to society. It is therefore difficult for them to access information they need to expand, learn about innovative programs available to them or find alternative markets.

2- Access to capital:

Access to capital is a very important issue for many who often lack formal education in financial matters and who may face difficulties in accessing financing. A key barrier facing business startups across the globe is the availability and access of finance to support the initial stages of the business operations. The difficulties that Emirati female entrepreneurs face in accessing finance to fund their business ventures can also have an ongoing negative impact on the longer-term performance of their business (Marlow & Patton, 2005; Carter & Marlow, 2003). Hence, it is critical for a country wishing to develop and support it’s entrepreneurial community to provide an environment in which entrepreneurs can access sufficient funding to initiate and support their business ventures.

Lack of affordable credit from the formal financial sector is a crucial constraint for women entrepreneurs. For instance, women are more likely to provide a business plan, audited accounts and collateral. The issue of collateral is particularly a serious one since not many women own land especially in developing countries. It can be said that bankers and women do not “talk the same language”. Because of the smaller size of businesses operated by women, compared to those of men, many bankers believe that loans given to women do not justify the amount of paperwork or time involved in processing loans.

Given the significant role that bank lending plays in providing finance to entrepreneurs it is important to gain a better insight into the extent of bank lending to female entrepreneurs and entrepreneurs in general within the UAE. The UAE banking and finance sectors are amongst the fastest growing in the financial world. Both foreign and UAE local banks have seen major expansion over recent years and record profits. These banks are now entering a crucial stage of development associated with global competition. Commercial banks, in addition to banking consultant financial and investment companies, and other financial institutions not subjected to Central Bank’s licensing in the UAE. All these institutions serve a population of just under six million people. The potential role of commercial banks financing future entrepreneurial projects is clearly one of strategic importance for future UAE economic growth as well as a crucial impetus for the ultimate banking sector growth. Essentially an understanding of the needs and sources of finance for entrepreneurial projects are important pre-requisites for the banking sector.
customer growth and as well as for the ultimate macroeconomic implications of future UAE economic growth.

3-Access to markets:

Women want better access to existing ways of sharing programs and services that are available to all businesses, such as government corporate purchasing opportunities, as well as opportunities for international business.

Many women entrepreneurs do not have the necessary social relations or resources to start their business in full flow. Usually they start with their business ideas and some capital with only a vague cognizance of how to organize the establishment process and manage the firm (Greve, 1995). For this reason, social networking is necessary in terms of contacting people who may provide the necessary knowledge and technical ability to complete the establishment process. Greve (1995) explains that entrepreneurs may not know how to establish a firm or how to run a business when they conceive their business ideas and for this reason the ideas have to be tested socially against critical and resourceful persons who may give valuable advice and provide access to markets where entrepreneurs can make business connections which may be offering important resources.

In a study conducted by Baud and Mahgoub, “more than a quarter of respondents of Emirati female entrepreneurs thought their families needed to give them more support in their business ventures, while another group thought that their husbands needed to be sensitized in order to be more willing to give them permission to start a business.” It has been claimed that “this attitude makes an unknown number of women hesitate to take up such ventures” (Nelson, Caren 2004). However, Erogul (2009) claims that Emirati female entrepreneurs are able to interact in ways to gain the support of the men around them such as their fathers, husbands, brother and others and agrees that this support for many determines greatly the success of their entrepreneurial career. So, spotting coordination opportunities with male network partners is an ability that Emirati female entrepreneurs have and can develop through facilitation that requires them to think and act based on what they experience and observe. In other words, facilitating women to improve their observations and experiences from “If Observation A, Do Action X” to “I Will Do Action X, If I Observe that Others Choose Action A.” Where action X is not independent of any knowledge of the other part or potential network partner.

Challenges include “restriction on women’s geographic mobility limits the options that are open to them, both in terms of access to education and acceptable employment” (Baud and Mahgoub, 2001). Moreover, UAE women are limited in their career and occupational choices and opt for traditional male professions less frequently than other professions/occupations.” (Roudi-Fahimi and Moghadam, 2004). Although many Emirati women face the challenges mentioned, it has been found that successful Emirati women entrepreneurs describe their interactions with men and family members as partners rather than as obstructions (Erogul, 2008). This makes it possible for these women to open dialogue and facilitate their interaction partners to cooperate. Erogul (2009) claims that by increasing interaction and networking, women are able to not only facilitate support in overcoming challenges but also increase cooperation with interaction partners who appear to be the challenge themselves. The fact that women are communicating their problems and business objectives as well as negotiating ways to overcome them facilitates most men and women to adopt the role of network partner. So the significant challenge of ‘perceiving’ men to be preventing female Emiratis from starting their own business can be overcome by facilitating women to interact with men and by expanding their networking activity to develop an infrastructure that adopts the role of (male) network partner (see Figure 59).

4-Access to networks:

Women want full access to business networks such general business associations. A challenge associated with the entrepreneurial environment is getting the right kind of information from established entrepreneurs. In the UAE, most aspiring Emirati female entrepreneurs lack access to useful network partners and have no mentor support for their activities. Below is a brief discussion of the challenges female entrepreneurs come across in both access to markets and networks.

Firstly, mentor support can be said to be a form of informal advice and guidance from someone who has good business experience and in some cases, business networks and may need support. On the other hand, role models are important source of inspiration and motivation and especially for supporting the initiative of aspiring entrepreneurs to consider and explore entrepreneurship as a viable career option. There is a strong consensus that “mixed” environments are necessary for young graduates to develop their networking skills. As most young Emirati women (and men) come from segregated environments (either at school or within the community), interaction in the workplace becomes a challenge. Programs dedicated solely to women during school years may hinder certain capacities when later placed in a mixed environment.

All government and some private schools in the UAE are segregated at the secondary level and onwards. However, once students enter the workforce, interaction with the opposite sex becomes a must and many employees find this challenging. The need for gender interaction prior to joining the workforce is a necessity for young women in the UAE, as their social networking capabilities depend on access. Adapted from Granovetter’s (1985) framework of network relationships into three circles based on the strength of tie, we propose that the figure represents Emirati Female Entrepreneur’s supportive network:

The first circle called ‘strong ties’ represents an Emirati female entrepreneur’s support circle. It includes a fairly small number of strong-tie relationships that have a strong degree of trust and emotional link made up of family members and close female friends. Strong ties are found to be more reliable and longer in duration.

The second circle, involves ‘male network partners’ from the family. These represent an Emirati female entrepreneur’s advisor and support circle. It includes a few male family members and relatives who are contacted for emotional support in the sense of permission, and for material as well as financial support. They are necessary to develop links with weak ties and contacts with strangers.

The third circle, involves ‘weak-tie’ relationships. These are less reliable and shorter in duration.
Also, weak ties are more ambiguous and uncertain compared to strong ties and involve a lower occurrence of contact.

The fourth circle represents the relationships that are entered into for work purposes and can be best described as ‘contacts’ rather than ties. These contacts usually occur with strangers with whom no prior ties have existed. Contacts with strangers are typically short in duration and require no emotional closeness.

Although the borders between these circles are not so easily defined in reality, the borders between weak ties and contacts with strangers are confined within the borders of male network partners. Connections with weak ties are generally found within the close scrutiny of male family members. This relationship has been exhibited between the ties of UAE women’s network and the supportive network (infrastructure) in Figure 58.

Figure 58: A Supportive Network of Emirati Female Entrepreneurs (Erogul, 2009)

Erogul (2009) claims that successful female Emirati entrepreneurs are aware that entrepreneurial network formation is an on-going business activity requiring interaction with network partners for the purpose of accessing available resources to achieve business objectives during establishing and maintaining the business. The UAE is considered to be a collectivist culture which makes networking a natural and well supported activity, yet it constrains networking to who you know rather than who you need to know, especially for women as they do not have the opportunity to mix freely with men and male business contacts. This creates a need to have a personal network system which cooperates with men who they know, to provide them a means to network with males outside of who they don’t know in a culturally appropriate way. The entrepreneurs interviewed by Erogul (2009) managed to get the support and cooperation they needed through their interactions with their male network partners. It is within this formation the entrepreneur creates and develops the business using the resources and opportunities embedded in her social network. Yet, as Sayed (2002) argues “In a business culture that is based almost entirely on the building of successful interpersonal relationships, gender relations or the lack thereof in the workplace becomes an issue.”

Targeted training for female Emiratis interested in business start-up requires increased interaction and networking with male network partners to facilitate co-operation and co-ordination of overcoming challenges to achieve business start-up.

5-Validation:


In terms of financial-economic parameters, there is so far still little urgency for women nationals to get actively involved in business. As long as they have access to government employment and the possibility to be less actively involved as sponsors of business entirely run by non-nationals, many Emirati women may postpone getting full-time into business (Haan, 2003). The local sponsor requirement that was created within the legislative framework developed in the 1970s and has handicapped small business initiative and
played a negative role in developing entrepreneurship activity in the UAE. Local nationals both men and women have used this legislation as a tool to source relatively low risk and fixed income streams by acting as a silent partner as opposed to going out and starting their own business.

The UAE Constitution which guarantees the principles of social justice for all, in accordance with the precepts of Islam stipulates that:

*The family is the basis of society, which shall be responsible for protecting childhood and motherhood. Laws shall be formulated in all fields to observe this protection and care, in a way which safeguards the dignity of women, preserves their identity and secures for them the conditions appropriate for a prosperous life and suitable work which is in accordance with their nature and capabilities as mothers and wives and as workers.* (United Arab Emirates Yearbook, 2006)

Although implementation of this legislation is moving forward, in many cases, this creates the need to play a duality - working at home as a mother and at work as a woman. Women are left in situations where they have to choose between their work and the responsibilities at home. When they perform the duality of work, it can produce a limitation in their professional development. The legislation itself may seem to communicate a constraining message. Therefore, frustration can arise due to the roles that they have to play.

Some of the cultural challenges found in the GEM reports up-to-date and the Erogul and McCrohan, 2008b and Erogul, 2008a studies include, “many families in the UAE prefer their children to gain employment in the public sector. Public sector jobs in the U.A.E are well known for their generous benefits, comfortable working hours, and less demanding work regimes, thus, families tend to disapprove of their child looking towards perceived riskier career in the entrepreneurial domain over a career in the public sector.” Also, given the relatively small Emirati population, news of failure may also quickly permeate the close-knit national community, thus, avoiding the risk of failure seems to be the option of choice.” Lastly, a peculiarity of the UAE society is that certain occupations, outside of the usual gender biases, are considered inappropriate or undesirable for Emiratis and, in some cases, more so for women.

### 6.3 Gender and Policy

Gender differences in entrepreneurship activity are well documented in the literature yet policymakers overlook the fact that women entrepreneurs due to their unique social positions need different programs than men. Policy-makers in general consider business to be gender neutral, rather than traditionally preferred start-up capitalization. Emirati women are often active in traditional female sectors of the economy. The challenge stands in moving away from home-based or low-value sectors to entering more innovative and higher value sectors of the economy. This will require access to information, capital, markets, networks and validation to access resources at start-up and development to overcome challenges and achieve business objectives.

Emirati female entrepreneurs make up an important new market segment, it is clearly in the interest of all stakeholders to not discriminate against women and provide them the support and services required for start-up and business development.

There has been some investigation in the UAE on the reasons holding Emirati women back from becoming entrepreneurs. Interestingly, a large amount of this literature concludes that there is a lack of family support and that there are not sufficient policies and programs. Some of these findings may have proved to be useful in making positive changes in policies and increasing the number of business centers for women; however, they have not been sufficient in helping individual female entrepreneurs take action in being involved in finding solutions to the challenges that they face, so that they can be a part of designing the solution to the challenges that exist. Although policies and changes in policies may help further promote and encourage female entrepreneurship, it is not enough to help women make changes in what they do to become entrepreneurs.

The findings in the literature do not go beyond saying “support from family, especially from the husband, father and brother is important for women” and “it is recommended that policies and programs be set up
to help women get this support.” Although support from one’s family and especially men in conservative societies is important for almost any activity an individual might want to undertake, i.e. completing additional education, changing jobs, starting a family, or any number of other “life decisions,” it is not particularly surprising to discover that support from male family members is important to the decision to begin a business among women—particularly when the family will likely feel the impact, both in terms of positive and negative effects. Indeed, most of the literature cited already offers the same conclusion; however, none provide the means to facilitate it.

In other words, what has not been explored and offered is “how is it that some individual women are capable of getting this support, and how is it that a woman who faces these challenges is able to overcome them.” By exploring, how it is that some women are able to do this will contribute to entrepreneurship theory and make it possible to provide a model to facilitate aspiring women entrepreneurs to engage in building their own models of entrepreneurship. The UAE GEM team strongly recommends that increasing women’s networking activity and interaction with men by providing a resource to help women facilitate men who they expect to be useful, to adopt the role of network partner may be an important part of overcoming challenges and achieving business objectives on the path to entrepreneurship.

For instance, the Khalifa Fund, may take certain factors into consideration particularly when targeting potential Emirati female entrepreneurs in Al Ain.

Organizing Awareness Campaigns aimed at job seekers to highlight the benefits of private sector employment. The Khalifa Fund may want to consider incorporating the benefits of being an entrepreneur or business owner as a career option. Given the cultural obstacles that exist for Emirati women, the Khalifa Fund may host ‘Family Evenings’ for parents and other male guardians in order to raise the profile of the private sector. As cultural limitations have been identified as possible constraints an opportune forum for Khalifa Fund to meet with family members and provide information about female entrepreneurship in a positive light may be useful.

5. Conclusion

While the economic growth of the United Arab Emirates (UAE) has been spectacular in recent times, with the start of the global economic crisis, the UAE faces a variety of economic and business challenges. The UAE Government Strategy Document 2008 and the Dubai Strategic Plan 2015 have identified several key areas of strategic development over the next decade including, inter alia, the economy, transport, infrastructure, small business development, health, education, and environmental protection. These detailed documents clearly demonstrate that continuing economic development, at the macro-level, business diversification, at the mid-level, and entrepreneurship at the micro-level, will remain key priorities for the country, and each of the individual Emirates, for the next decade and beyond.

In 2009 14.7% of the Emirati adult population was involved in early-stage entrepreneurial activity (as measured by the TEA-index). This involved both being active in setting up own business (nascent entrepreneurs) and managing/owning a firm that has existed for less than 42 months (baby or young business owners). The index for Emirati nascent entrepreneurs has risen to 6.4% in 2009, while the index for young business owners is at a high of 9.6% in 2009.

It seems that more Emirati nascent entrepreneurs actually succeeded in starting up a new business than in past years, and that fewer businesses failed. In 2007, the overall UAE nascent entrepreneurs rate was lower at 4.6% compared to 6.5% for 2009. The increase in the index for young business owners could also indicate that it has become less difficult to actually start up a business. Furthermore, it appears that in 2009 the Emirati adult population has an optimistic outlook for business growth expectation. 26.9% of the Emirati adult population expect about the same growth compared to a year ago, 31.2% expects somewhat higher growth and 13.2% expect higher growth compared to one year ago.

Perceptions of the Emirati adult population with respect to entrepreneurship have changed somewhat. In 2009 34.7% of the Emirati adult population said that fear of failure would prevent them from starting a business, compared to 30.5% of Expat respondents. This percentage overall for the UAE was 33.6% in 2007 and has now dropped to 31.1% in 2009. For the first time, this percentage is lower. As the perception regarding own capabilities for starting a new business increases so does the confidence of the Emirati population and expat population to start-up a business in the current economy. Also, in line with the reasoning regarding the increase in the young firm ownership rate, this decrease could indicate that actually starting up a business is perceived as being less difficult than before. Moreover, this has resulted in an increase in intentions to set up own business: in 2009 65.1% of the Emirati adult population stated their intention to set up an own firm within three years time compared to 42.9% of the National population in 2009. Furthermore, in 2009 a very high rate of 33.8% of the Emirati adult population reports new start-up effort

In the UAE a relatively large share of the population regard the step to set up an enterprise as being positive. In 2009 79.9% of the Emirati adult population considers starting a business to be a good career choice and 90.0% says that people in UAE attach high status to successful entrepreneurs. This is slightly higher than in preceding years. In other innovation-driven countries, the attitudes toward starting a business are somewhat less positive at 11.8% for future expectation to start business. Slightly lower at 81.4% of the adult MENA residents on average attach high status to successful entrepreneurs, and 77.2% of the adult MENA-population considers starting a business to be a good career choice.

In 2009 14.7% of the Emirati adult population is involved in early-stage entrepreneurial activity. This is above the National UAE average of 13.3% and the MENA countries average of 14.0%, and above the average for the innovation-driven countries participating in GEM (6.0%). The share of Emirati individuals that are actively involved in start-up effort is 11.9% compared to 9.7% of expatriates in the UAE. This is among the highest of all countries that participate in GEM. The reason might be that 54.0% of the Emirati population see good opportunities for starting a business in the next 6 months. The average for seeing good opportunities for business start-up for innovation-driven countries is much lower at 28.0% and 45.0% for MENA.
In the UAE about 18.6% of the Emirati early-stage entrepreneurs is male in 2009. This percentage is above the innovation-driven countries average of 8.0%. The percentage of females involved in early-stage entrepreneurial activity amounts to 5.3% and is slightly higher than the innovation-driven average of 4.0%.

The share of independence motivated Emirati entrepreneurs among the early-stage entrepreneurs is 42.2% in the UAE and is among the highest of all countries involved in GEM. The average for innovation-driven countries participating in GEM is 32.0%, while for MENA countries the average is 20.0%. Only 12.7% of Emirati early-stage entrepreneurs indicate that they are involved in entrepreneurship predominantly to maintain income. The average share of early-stage entrepreneurs motivated by maintaining income across all innovation-driven countries participating in GEM is higher at 24.0% and 31.0% for MENA countries.

The share of necessity motivated early-stage entrepreneurs is relatively low in the participating innovation-driven countries: 17.0% and MENA countries: 26.0%. In the UAE, this share is considerably lower: 9.0% and 6.0% among Emirati entrepreneurs. The prevalence rate of informal investors in the UAE is among the highest of those countries participating in GEM. The share of Emirati informal investors in the UAE has risen to 11.7%. In international perspective, the average prevalence rate in innovation-driven countries is low as 3.0%, while in MENA-context the average prevalence rate of informal investors is 5.0%.

6. Policy Implications

Governments and policy makers have become keenly aware of the economic development benefits that are derived from the establishment and growth of entrepreneurial endeavors. While the centrality of entrepreneurship to economic growth is recognized, there is also explicit recognition that governments have a part of play in the development of entrepreneurial activities which will provide economic benefits for society. There are some very general policy principles that influence entrepreneurship in the same way for all, regardless of nationality, age, gender, income level or education.

The goal of the UAE is to maintain competitiveness and sustain innovation rates among Emirati entrepreneurs. To enable this the strength and ease of technology transfers, advanced entrepreneurship education and networking opportunities, and significant amounts of early-stage funding are crucial. Significant changes in demographics should also be seriously addressed. A closer examination of regional entrepreneurial differences is needed. Furthermore, policies recommended highlight sectoral reform. Yet, as one of the main objectives of GEM is to identify policies that may enhance the national level of entrepreneurial activity, more generic policies are of more importance here. The development of policy measures which are more supportive to open market competition requires the following:

- Introducing flexible short-term market dynamics such as those relating to bankruptcy and transition to public holding, and
- Enhancing perspective technology such as R&D, patenting, innovation, intra-and international—cooperation.

Yet, based on the dialogues that took place amongst the young job seekers and the employers through the Ain Al Mustaqbal initiative the following points have been highlighted:

- Job or opportunity seekers (i.e. potential entrepreneurs) need the following support
  - To be inspired and motivated
  - To be better trained related to the workforce needs or the ability to start up a venture
  - To be incentivized and understand better the benefits of working in various fields/industries or being an entrepreneur or business owner.
  - To create awareness about the opportunities available.

- Employers such as the Khalifa Fund, would like to see the following in potential candidates:
  - Passion and commitment towards their job or entrepreneurial venture
  - Appropriate Personality traits relevant to the requirements of their career pathway.
  - Better skills alignment with the relevant market needs
  - Specialized training can be taught.

The points above further substantiate the need to continue focused efforts in:

- Creating awareness about entrepreneurship, the benefits of being an entrepreneur or business owner, and inspiring youth to consider such a career pathway through marketing initiatives and highlighting successful stories and role models, with a focus on women and social inclusion.
- Equipping potential entrepreneurs with the appropriate training, tools and resources, as well as advice to pursue such a career.
- Idea Sourcing to develop further at all levels (i.e. use of opportunity awareness forums)
- Enhancing entrepreneurial assessment selection and identification process.

One of the main practical implications of this report relates to the selection of entrepreneurs. Since entrepreneurship is largely a self-selected profession, perhaps the most relevant audience consists of aspiring entrepreneurs. Do they have enough belief in themselves and their businesses, and enough commitment to being an entrepreneur to see themselves through the risks, setbacks and uncertainty? When entrepreneurs are selected, for example, for training programs or networks, one evaluation criterion might be centered on the type and strength of motivation of the entrepreneur for his or her business and for entrepreneurship in general.
One of the major policy concerns is the facilitation of newly started businesses and how to attain sustainable growth in such businesses. Attempts to increase financing offerings to entrepreneurs is a common type of entrepreneurship policy. The availability of early-stage financing is a crucial issue, approximately 34.0% of Emirati entrepreneurs discontinued a business due to problems raising finance. Possibly adding instruments like mutual or partial credit guarantees may reduce the riskiness of loans by reducing the “risk premium” charged by banks on loans. Although not a common financial tool for particular sectors, this may be a facilitator for high-tech, high-potential new businesses that tend to be more capital-intensive and riskier than less-innovative ones. Overall, the focus should be on developing a highly innovative entrepreneurial sector and on supporting high value added new companies that have the potential to grow and to develop internationally. Interestingly, although financing is witnessed to be an important challenge for most entrepreneurs, high-potential or not, so is the lack of ability among entrepreneurs in general to convince investors to become involved in their businesses. For this reason, rather than directly supporting newly businesses with money it is necessary for public support offices to provide support in certain critical aspects such as network, credibility and business development. This support needs to be provided beginning at the earliest-stage of the entrepreneurial activity. It may start when the aspiring entrepreneur comes with simply a business idea and a rough plan of how to develop it. For this to take place and to be able to create efficient support programs that really add value for early-stage entrepreneurial activity, both policy makers and business developers need knowledge about how their support systems work. As so, much lies in the hands of establishing structures such as the Khalifa Fund and MBRE who need to re-examine between supply and demand/actual needs with regard to the support given and its content. New growth theories suggest that policies need to be more supply orientated, focusing on innovation, infrastructure and ecological sustainability, rather than on the traditional simplistic tools of local demand. In other words the shift from demand side of economy to supply side of the economy has major implications on entrepreneurs and to-be business aspirers. As Jorgenson (2001) mentioned modern economic development is to an important extent determined and driven by the emergence of the knowledge economy. The development taking place in technical and organizational knowledge are identified as key drivers of economic growth. Through government encouragement and facilitation the emphasis on knowledge and technological change may provide entrepreneurs operational ways to think about the sources of opportunity and how the opportunity set may be expanded and exploited all together.

Birley (1985) argued that networks were an initially crucial factor for the development of the new business. She showed that entrepreneurs were generally unaware of what resources the region could offer, and argued that increasing entrepreneurs’ awareness of the formal resources available was important. With this in mind, it may be argued that in order to succeed in supporting new businesses, it is crucial to have an approach that comprises both the development and the protection of the product and its market and customers. One way of solving this could be by dedicating a certain part of the financial support to marketing development and customer contacts. Another way could be by giving advanced level entrepreneurial training, in which the idea, owners both obtain the tools and learn what they have to do in order to reach the market. Norman and Klofsten (2009) argue that the recipe for the design of successful entrepreneurship policy programs should contain the following ingredients:

- A strong market and customer focus;
- A clear program theory and a defined target group; and
- A simple administrative process.

Lastly, they mention that the success of a policy initiative is strongly linked to soft issues such as the skills and competence of the staff of the program and their ability to inspire, advise and coach entrepreneurs to develop their ideas and ventures.

There is much need for changes in the higher-education system to place more emphasis on advanced entrepreneurship education and networking. Moreover emphasis on technology commercialization and creation of more connections between scientific and management education is needed. These issues are particularly important for women and younger and less-experienced entrepreneurs and all aspiring entrepreneurs at all age levels. The availability of entrepreneurship education and the establishment of networks appear particularly important and successful for women entrepreneurs (Minniti et al. 2005).

Higher education institutes represent a significant partner in the development and growth process of entrepreneurship. Both government and private universities in the UAE need to utilize their efforts to strengthen the business sectors in the country, and provide it with qualified human resources that are capable of starting up high growth companies and creating positive changes on the educational level.

Universities need to take on a stronger role in enhancing knowledge of entrepreneurship and entrepreneurial attributes in the UAE, promoting the collection of information to support policy development and, specifically, those policies that foster entrepreneurship. Taking these initiatives on board may enhance collaborative research between UAE government agencies and educational institutions. There is a need to attract more Emirati students to the business sector by enhancing knowledge of entrepreneurship and entrepreneurial attributes in the UAE.

So then does Government policy matter for entrepreneurial activity? Yes, entrepreneurship is the mechanism through which economic growth takes place and institutions, such as the policy environment, are what allocate entrepreneurship efforts toward productive or unproductive activities by influencing the relative incentives and payoffs offered by the economy to such activities (Minniti, 2008). Then it can be said the government policies mold institutional structures for entrepreneurial action, encouraging some activities and discouraging others. In other words, government policy has the power to influence entrepreneurial activity and attitude.
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