

SHEIKH SAOUD BIN KHALID
BIN KHALID AL-QASSIMI
CHAIR IN FAMILY BUSINESS AT AUS



Student Entrepreneurial Ecosystem in the UAE

2021 Survey Report -
3rd Edition

Dr. Prof. Rodrigo Basco
Norhan Ahmed
Mousa Saifi
Arpita Vyas



How to cite: Basco, R., Ahmed, N., Saifi, M., Vyas, A. (2022). Student Entrepreneurial Ecosystem in the UAE: 2021 Survey report 3rd edition. American University of Sharjah.

TABLE OF CONTENTS

CONTENTS

Introduction	1
01. Takeaways – Lessons Learnt	2
02. Recommendations	4
03. Career Choice Intentions	5
04. Drivers of Entrepreneurial Intentions	12
4.1 Micro Context (Individual)	14
4.2 Meso-Context (Family, Friends, and University)	15
05. Nascent and Active Entrepreneurs	20
5.1 Nascent entrepreneurs	20
5.2 Active Entrepreneurs	24
06. Demographic Information and an Overview of the Sample	28

Introduction

The United Arab Emirates' (UAE) Ministry of Economy launched the Entrepreneurial Nation project to attract and promote the development of 20 unicorns (startups valued at over \$1 billion) by 2031. The initiative represents a new step toward shifting from a natural resources-based economy to a knowledge-based entrepreneurial economy.

Where will the unicorns emerge from? Our youth! Today's undergraduate students will be the founders of the next generation of UAE unicorns. To achieve this, universities would need to transform themselves to support the country's strategic vision and integrate it into the current family business and entrepreneurial ecosystem. It will be important to see whether and how they can build an enabling environment for entrepreneurship, to drive the economic and social development of the UAE.

The Sheikh Saoud bin Khalid bin Khalid Al-Qassimi, Chair in Family Business, at the American University of Sharjah, in collaboration with the Global University Entrepreneurial Spirit Students' Survey (GUESSS project), conducted a research in 2021 using quantitative data to examine students' entrepreneurial intentions, that is, whether they planned to set up new businesses or continue in their family businesses. This technical report provides a summary of the most important results of the research. We compared UAE students' sample with two additional subsamples: one comprising students from other Arab countries and the other from the rest of the world. We further analyzed the evolutionary patterns of students' entrepreneurial spirit by comparing our results with those of the 2019 survey¹. Additionally, we complemented the quantitative survey data with qualitative information from different stakeholders belonging to the UAE family business and entrepreneurial ecosystem.

We hope to contribute to the family business and entrepreneurial ecosystem in the UAE by using the students' perspective to map their entrepreneurial spirit and intentions. Our aim is not only to increase awareness about the importance of entrepreneurial culture, but also highlight the fundamental role that universities and families can play in meeting the UAE's future economic and social challenges.

This report can help policymakers gain a more comprehensive understanding of students' entrepreneurial behavior and their motivation to become entrepreneurs. Therefore, it reflects on the role that educational institutions, as one of the main stakeholders, have in the UAE business ecosystem. Are universities prepared to be part of the cultural transformation that the knowledge- and entrepreneurial-based economy requires? What is the university's role in the UAE's family business and entrepreneurial ecosystem? How are universities innovating and changing their learning processes and structures to transform their business models to meet the 21st century challenges?



Dr. Rodrigo Basco

Professor & Sheikh Saoud bin Khalid bin Khalid Al-Qassimi
Chair in Family Business
American University of Sharjah

¹ Basco, R., & Hamdan, R. (2019). Student Entrepreneurial Ecosystem in United Arab Emirates. Download the 2019 report [here](#)

Takeaways – Lessons Learnt

Entrepreneurship as a career choice

- Students' entrepreneurial intentions are low in the UAE. Only 13% of the surveyed students intend to become entrepreneurs right after graduation. However, this increases to 39% when they consider starting a business five years after graduation.
- There is a positive evolutionary trend in students' entrepreneurial intentions. The percentage of students who intend to start a business immediately after graduation increased from 5% to 13% in the last two years.
- Students are not fully equipped to start their own entrepreneurial ventures. Students underscored the need for entrepreneurial education and practical entrepreneurial experience before starting their own business.

Successor in a family business as a career choice

- A strong family business entrepreneurial mindset. Almost half of the surveyed students in the UAE belong to business families where one or both parents are self-employed or own a business.
- Low intention to join parents' economic activities. Only 10% of the surveyed students belonging to business families want to join their family business.
- Lack the vision to continue with parents' economic activities. 42% of the surveyed students, belonging to business families, do not see a professional career in their family business.

Drivers of entrepreneurial intentions

- Students feel that they do not have control over the events in their lives. While entrepreneurial attitude and self-efficacy are important drivers of entrepreneurial intentions, students' entrepreneurial locus of control (LOC) is low, which affects such intentions.
- Students lack substantial structured entrepreneurial education. Most of the surveyed students in the UAE have not taken any entrepreneurship courses. The UAE university system does not have specific programs to develop students' entrepreneurial behavior.
- Students' social environment is the most important support for entrepreneurial intentions. Entrepreneurial families and friends are the most important support groups in shaping students' entrepreneurial intentions.
- Family businesses and entrepreneurial ecosystems are not sufficiently mature. They are highly fragmented, without coordination mechanisms to accelerate students' entrepreneurial mindsets.



Nascent entrepreneurs

- Lack of diversification of business ideas. In the UAE, 20% and 15% of nascent entrepreneurs plan to start businesses in the advertisement and trade sectors, respectively.
- Universities do not focus on shaping entrepreneurial ideas. Most nascent entrepreneurs in the UAE declared that their ideas were largely independent of their university.

Active entrepreneurs

- Lack of diversification of business initiatives. In the UAE, 23% and 24% of active entrepreneurs have businesses in the advertisement and trade sectors, respectively.
- Entrepreneurial students in the UAE are lone entrepreneurs. Most active entrepreneurs in the UAE have started their businesses on their own without co-founders.
- Entrepreneurship as a career. Most active entrepreneurs consider becoming entrepreneurs as a professional career option.

Recommendations



Rethink the role of universities in a knowledge-based entrepreneurial economic model.

What is the leadership role that universities would like to play in a knowledge-based entrepreneurial economic model?



Transform university culture from a rentier educational mentality into an entrepreneurial one.

How can the mentality of the academic and administrative staff toward entrepreneurship be changed?



UAE universities have to be active stakeholders in the existing family business and entrepreneurial ecosystem.

How can universities successfully integrate into the current UAE business ecosystem by increasing research and education in alliance with different stakeholders?



Universities should better exploit relationships with external stakeholders to leverage students' entrepreneurial spirit by developing unique skills and capabilities.

How can existing courses and their content be reshaped to link universities and external stakeholders?



Entrepreneurial education is not only about adding a few courses with fashionable titles to the existing curriculum, but also introducing an entrepreneurial perspective into existing courses by implementing innovative teaching methodologies.

How can universities develop innovative pedagogical perspectives?

03

Career Choice Intentions

Which career path do UAE students want to follow?

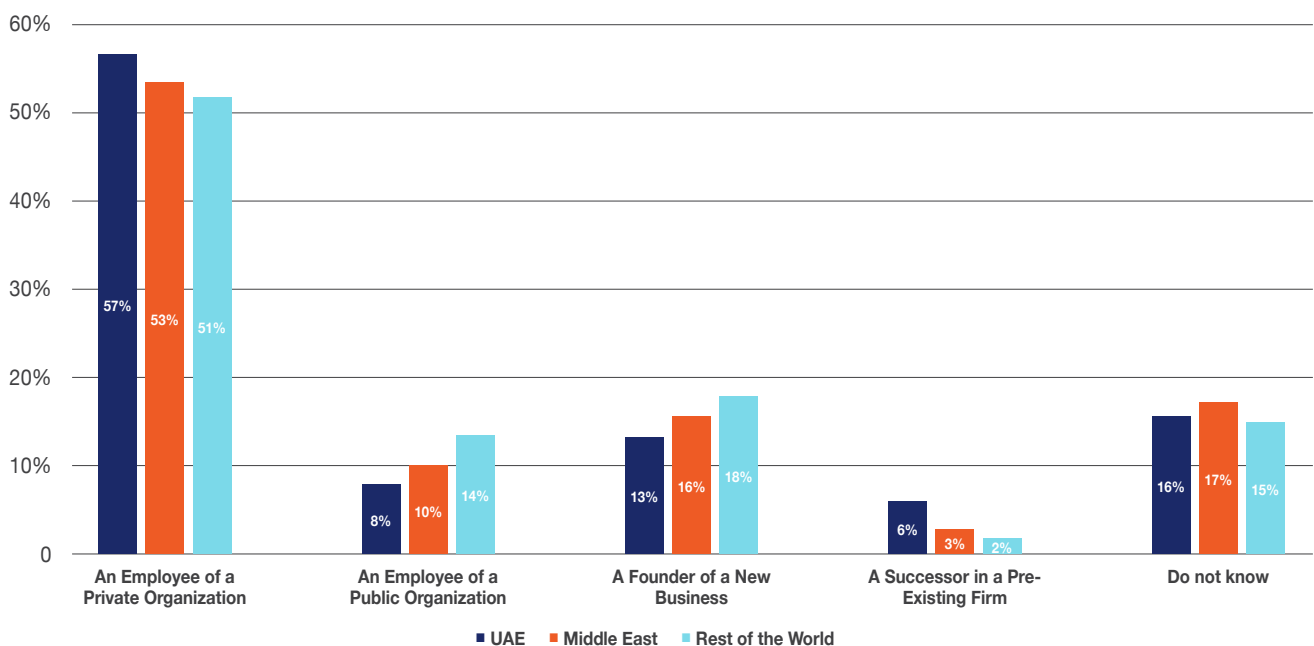
Most UAE students preferred to be employees in the private or public sector immediately after graduation, rather than starting a new business. They exhibited a low entrepreneurial spirit; most of them did not see entrepreneurship as a professional career path. Only 13% of the UAE students surveyed intended to start a new business right after graduation, compared with 16% for students in the Middle-East and 18% for students in the rest of the world (Figure 1).

Students' preference to be employees is a way of living, accumulating wealth, developing social recognition, and acquiring experience. This could be a result of the rentier- capitalism mindset stemming from the UAE's natural resource-based economic model since the 1970s. The rentier- capitalism mindset discourages individuals (students) from engaging in disruptive economic activities to create new opportunities in the market.

Only 13% of the UAE students surveyed intended to start a new business right after graduation

Figure 1: Students' intentions right after graduation across different career choices (in percentage)

Career Choice Intentions Right After Graduation



Entrepreneurship as a career choice

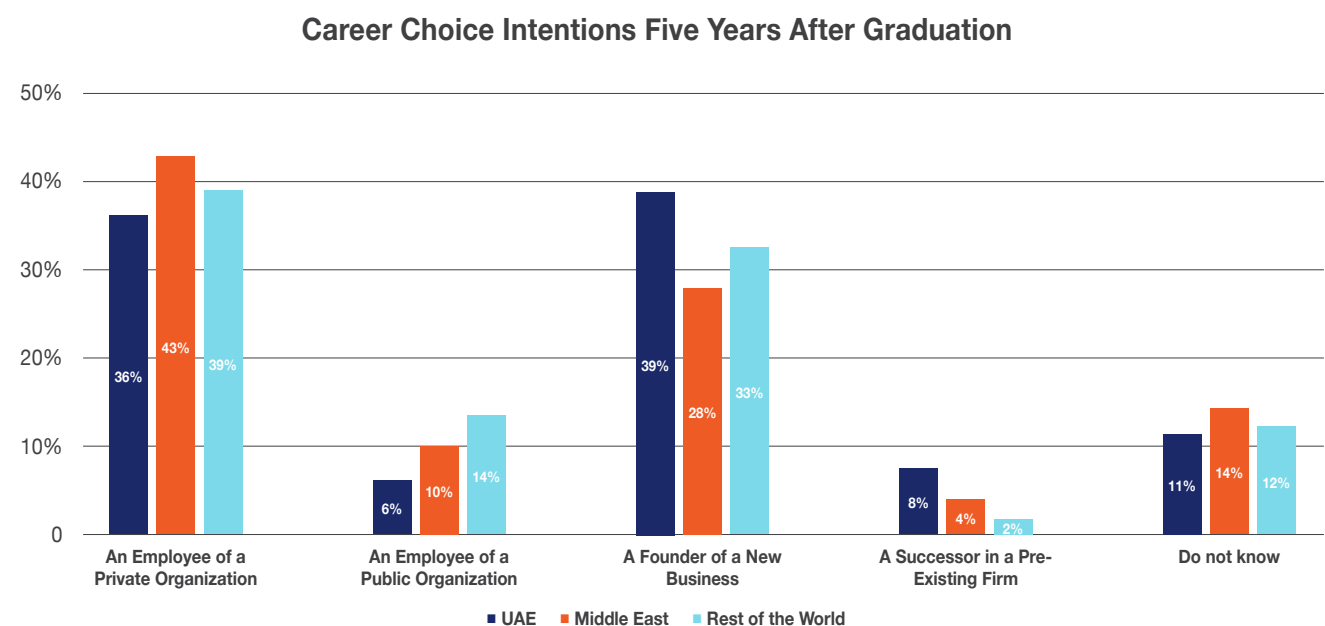
Even though UAE students' intention to set up a new business is low, we have observed a positive change since the last data collection two years ago. The number of students who intend to start a business right after graduation has increased from 5% to 13% from 2019 to 2021.

The positive evolution of students' entrepreneurial intention is due to the government's efforts to shift the economy from a natural resources-based model to a knowledge-based entrepreneurial model. Entrepreneurs and family firms play a critical role in this new scenario, and act as catalysts for building a competitive, innovative, and sustainable economy.

The UAE's business ecosystem supports entrepreneurship, aiming to achieve sustainable economic growth by diversifying the economy. The Ministry of Finance has empowered entrepreneurs and family business owners as part of its efforts to turn the country into a global investment destination. Several programs, initiatives, and laws have been formulated to encourage businesses, and promote a positive climate that stimulates economic activity².

Interestingly, students' entrepreneurial intentions change with the temporal frame when projecting their professional careers. Their entrepreneurial intention was higher when considering a five-year time-frame after graduation. Figure 2 shows that 39% of the surveyed students in the UAE, 28% in the Middle-East, and 33% in the rest of the world would like to set up a new business five years after graduation.

Figure 2: Students' intentions five years after graduation across different career choices (in percentage)



² Al Amiri, M. (2021, June 27). Empowering entrepreneurs and SMEs: A top priority for the Ministry of Finance. Retrieved October 5, 2021, from <https://www.mof.gov.ae/en/media/materials/News/Pages/2762021>

STUDENT ORGANIZATION PERSPECTIVE

by Manaswi Madichetty
from STARTUP SBA at
the American University
of Sharjah

How supportive is the university's entrepreneurial environment?

The university environment has recently changed to support more entrepreneurial activities, with the formation of Startup SBA, a student-led organization that encourages students to ideate, build, and develop their business ideas. Startup SBA's mission is to inspire, support, and mentor the Sharjah student community to turn their business ideas into revenue-generating firms. Even though our organization is new, we have managed to expand university resources to include skill-building workshops, connections with industry mentors, and weekly mentorship hours to help students launch their entrepreneurial careers. As a part of our growth plan, we are on the lookout for sponsors to further enhance our operations, network, and student-led startups. Additionally, the entrepreneurship course designed by the management department, where we engage expert mentors, is a great initiative.

What can the university do to create an entrepreneurial ecosystem?

If the university is open to partnering with more external organizations and creating opportunities for students to build their ideas, it would create a more enriching environment. Furthermore, the university can potentially set up an incubation ecosystem that includes idea, pre-seed, and seed-level funding and support specifically for students. Creating a formalized environment for startups to grow would allow students easy access to resources and mark American University of Sharjah as the birthplace of young entrepreneurs, making a difference to the Sharjah ecosystem. Many Western universities have adopted this system to assist student-led startups, and created several success stories.

What should be the university's role in the UAE entrepreneurial ecosystem?

The university plays a crucial one. Entrepreneurship is more of a life skill that needs to be emphasized not just through one course, but throughout a student's life in college. While not all students would eventually move ahead to develop their own ideas, an entrepreneurial mindset enables efficient problem solving and deeper learning, and fosters collaboration, which are essential skills in any workplace. Exchange of design thinking and ideation principles, strategy formulation frameworks, process charting, marketing and branding guidelines, prototyping, financial modeling, and many more cross-college subjects can encourage an entrepreneurial mindset. Currently, these topics are quite focused within individual colleges, there is potential to engage with other colleges on different courses.



Why do students' entrepreneurial intentions change with different temporal frames? There could be several explanations for the highest percentage of students in the survey intending to set up a new business five years after graduation.



After five years of graduation, students see themselves as more independent from their nuclear families in terms of career choices. Non-entrepreneurial parents tend to be more conservative and risk averse, encouraging their children to take up stable jobs. This could especially be true for expatriate families—a common family institution in the UAE—and wealthy Emirati families.



It could also be seen as the need to acquire more experience and deeper industry knowledge before starting their own businesses. It is well documented that business founders with at least three years of prior work experience in the same industry sector are 85% more likely to start highly successful businesses.³



Financial resources seem to be a common problem for young entrepreneurs. Having a stable job helps them maintain their resident visas, support their lifestyles, and initiate their independence.

³ Hannon, K. (2018). Proof that the most successful entrepreneurs are older ones. Forbes. Retrieved September 23, 2021, from <https://www.forbes.com/sites/nextavenue/2018/08/05/proof-that-the-most-successful-entrepreneurs-are-older-ones/?sh=6d52249142dd>

INSTITUTIONAL PERSPECTIVE

by Prof. Dr. Juri George
Gelovani from the United
Arab Emirates University

The United Arab Emirates University (UAEU) is one of the leading institutions of higher education in the UAE that is preparing a new generation of students to contribute to the country's socio-economic development and future, and shift their employment choice from the government sector to the private sector and startups.

Instilling a culture of entrepreneurship in students right from the beginning creates a new crop of entrepreneurs, regardless of their potential career paths. Even if these students never start their own company, they will be successful and effective specialists in any private business or government organization. The UAEU promotes student entrepreneurship education and experiential learning in several ways:

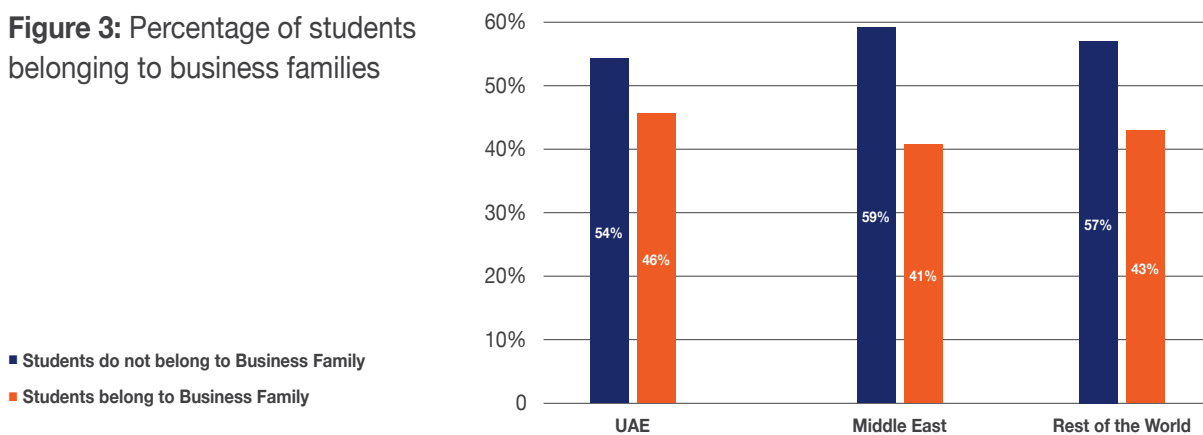
- Redeveloping the academic curriculum (both core and elective courses) to include various topics of entrepreneurship across colleges and academic programs. Recently, a “Minor in Entrepreneurship” has been introduced by the College of Business and Economics (CBE). Several other colleges are also developing profession-focused “minors in entrepreneurship” in collaboration with CBE.
- Engaging students in research and development projects to generate technology and solutions to real problems that may be further developed into early-stage innovation and technology-based companies.
- The UAEU Science and Innovation Park (SIP) engages students in entrepreneurship incubators, boot-camps, and specialized programs (Hasso Plattner Institute Academy, Design Thinking Hub, etc.); coaches students and provides funds for developing entrepreneurial ventures that create intellectual property (IP); facilitates a more effective transfer of technology and business ideas from the lab and classroom; and supports innovative startups that create value and provide jobs to UAEU graduates.



Successor as a career choice

Setting up a new business is one of the multiple options for students to develop their entrepreneurial careers. Another alternative is to pursue their parents' economic activities. Our results show that 46% of the surveyed students in the UAE belong to business families in which one or both parents are self-employed or own a business (Figure 3), underscoring the importance of business families in the UAE. This percentage is slightly lower in the Middle-East and rest of the world, but nevertheless shows the prevalence of business families across countries.

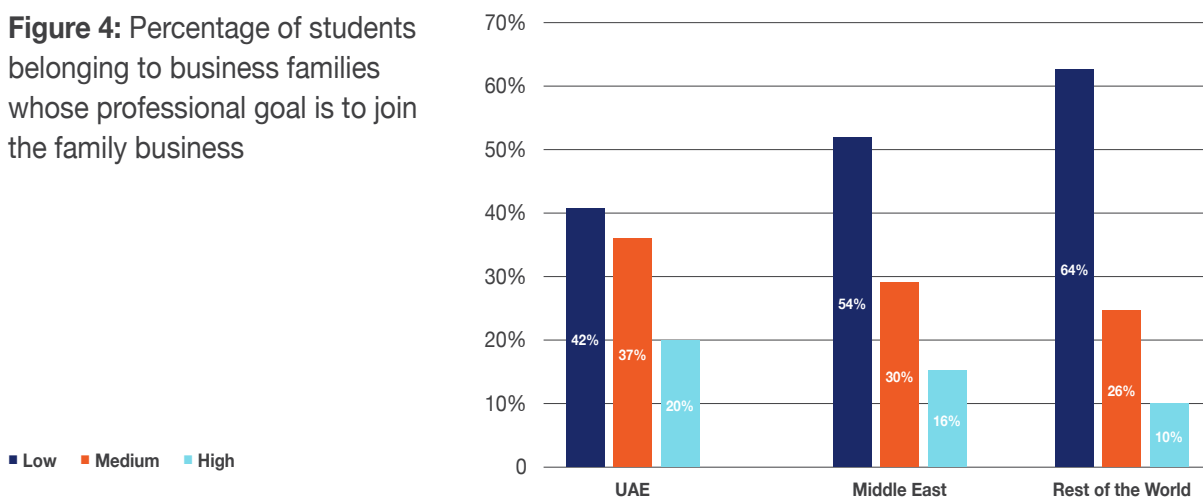
Figure 3: Percentage of students belonging to business families



Of those students who belong to business families, only 10% would like to join their family firms, 17% would like to become entrepreneurs immediately after graduation, and the rest would like to take up a job in a private or public organization.

Business families have struggled to show their children the possibility of having a professional career in family firms. Children do not want to continue with their parents' economic activities, which is a common phenomenon in different contexts (Figure 4). 42% of the surveyed students belonging to business families did not see a professional career in their parents' business.

Figure 4: Percentage of students belonging to business families whose professional goal is to join the family business



INSTITUTIONAL PERSPECTIVE

by Omar Alghanim from
the Family Business
Council Gulf

How would you describe the role of family businesses in the UAE's entrepreneurial ecosystem?

Family businesses are the cornerstone of the entrepreneurial ecosystem—as they are often symbiotic with the other stakeholders: investors, policymakers, and innovators. Historically, the founders of family businesses are also among the first founders of the entrepreneurial ecosystem to have pivoted, adapted, and expanded to new business models.

What is FBCG's role in supporting the UAE's family business and entrepreneurial ecosystem?

We take on the role of enablers—educating and connecting family members as a community while engaging with various stakeholders in the broader ecosystem.

What challenges does FBCG face when developing an entrepreneurial mindset among the next generation of family businesses in the UAE?

The main challenge is the difference in perspectives, which is often generational by nature, on what it means to be an entrepreneur, what success looks like, what it means to fail, and the importance of adhering to a broader mission. The new generation is witnessing increasingly mission-driven companies that raise capital without any record of steady revenues or profitability, or include prior iterative failures. This would have been an anomaly in previous generations. Attuning to this new economic paradigm or reality takes open, constructive communication and exchange between different generations. We are at a juncture where not only the level of risk and uncertainty, but also opportunities is unprecedented. Closing this generational divide, helping senior principals to shift their perspective to this new paradigm, is paramount.



04

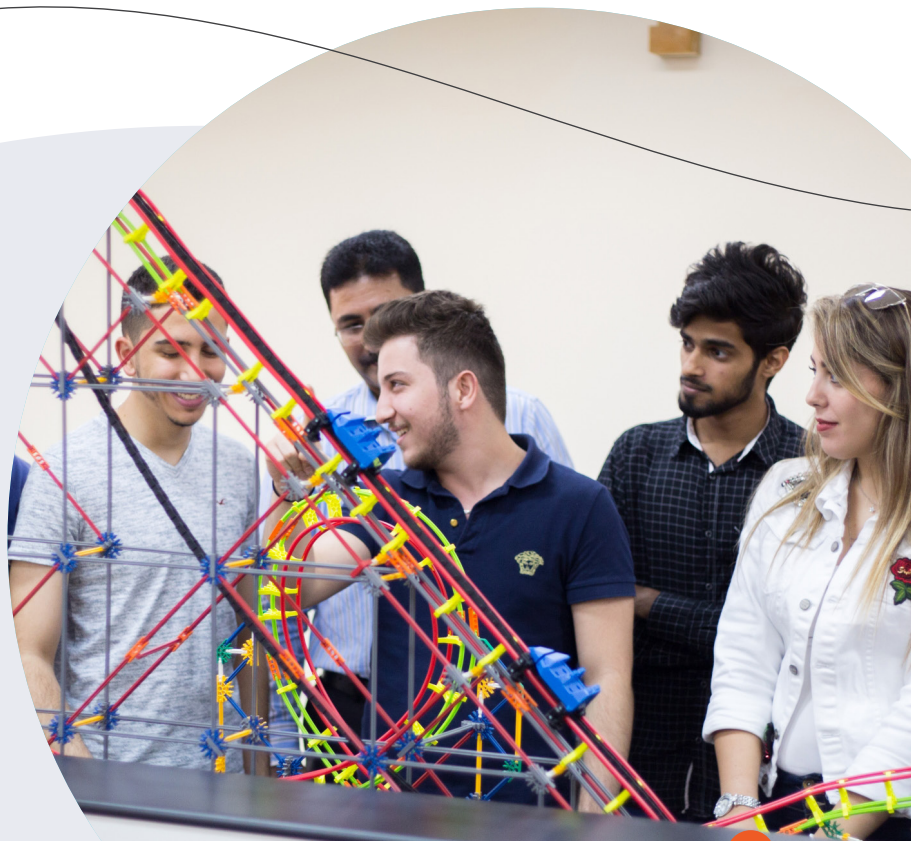
Drivers of Entrepreneurial Intentions

What are the drivers of students' entrepreneurial intentions?

If the aim of the UAE government is to shift the economy from a resource-based model to a knowledge-based entrepreneurial one, it is important to identify the potential drivers of students' entrepreneurial intentions. We divided the drivers of students' entrepreneurial intentions into two clusters:

01. The **micro-level**, which focuses on individual-specific characteristics.

02. The **meso-level**, which focuses on the close institutions to which individuals belong.



CAREER SERVICES AND DEVELOPMENT

at the American University of Sharjah by Eleni Papailia

1. How is the career development department at AUS supporting the entrepreneurial ecosystem in the UAE?

Over the years, our students have been encouraged to explore opportunities in startups and smaller companies in the UAE. Additionally, as part of the broader entrepreneurial spectrum, we proudly host and encourage students to participate in hackathons and competitions that refer to the ideation of new products and processes.

Being embedded into the Sharjah business ecosystem, we work closely with Sheraa and the Sharjah Research Technology and Innovation Park to promote a number of initiatives:

- Sheraa has an internship program in which interns work on tasks to support startups.
- We promote our collaboration on social media showcasing success stories of internships at Sheraa.
- Our students participate in the annual Sharjah Entrepreneurship Festival.
- We run internship campaigns to connect students and startups.
- We are proposing on a new initiative between Sheraa and the SBA Internships and Placement Office (IPO) to educate startup founders on hosting interns and managing young talent. We support startup founders on ad-hoc basis with matters such as creating job descriptions for interns.

2. Do you believe that letting students intern at startups will support the entrepreneurial ecosystem, and how?

Certainly! We have anecdotal evidence that students who intern at startups enjoy the fast-paced environment and opportunity to express their ideas. Many students become interested in the mechanics of venture capital and crowdfunding, which is an excellent career option for our finance students who form the majority of SBA. Other students not only get inspired to launch their business ideas, but also acquire first-hand knowledge on the ways to do so.

3. How would you motivate students to start working with an entrepreneur, as many of them might prefer multinationals?

It is likely that students will prefer an internship in larger organizations compared with startups. However, there are many parameters to consider before choosing an internship, such as location, proximity to workplace, commute, work model, flexibility, small team, and casual work environment of startups. At SBA IPO, we give our students an insight into what an internship at a startup might look like.



4.1 Micro Context (Individual)

At the micro level, there are three person-specific dimensions that affect the intention to become an entrepreneur: attitude, self-efficacy, and locus of control.

- Attitude is the students' settled way of thinking or feeling about entrepreneurship.
- Self-efficacy is the belief in their capacity to achieve a certain performance level in entrepreneurship.
- Locus of control is how strongly students believe that they have a control over situations and experiences affecting their lives.

Figure 5: Level of importance of attitude, entrepreneurial self-efficacy, and locus of control as drivers of entrepreneurial intentions





Regarding students' attitude toward entrepreneurship, most students in the UAE, Middle-East, and rest of the world gave a rating of high or very high (69%, 77%, 52%, respectively; Figure 5), which means a change of 13%, 11%, and -1%, respectively, from our survey two years ago. A similar pattern follows entrepreneurial self-efficacy, where most students in the UAE, Middle-East, and rest of the world gave a rating of high or very high (66%, 69%, 52%, respectively; Figure 5), which means an increase of 3%, 33%, and 0% from our survey two years ago.

Finally, regarding the degree to which students believe they have control over their plans and goals (locus of control), most of the students in the UAE, Middle-East, and rest of the world gave a rating of high or low, avoiding extreme positions (Figure 5), with the exception of the Middle-East. In the UAE, 34% and 33% of students gave a rating of high and low, respectively, while in the Middle-East, the percentage is 28% for both high and low, and in the rest of the world, it is 32% and 35% for high and low, respectively. These numbers have remained almost unchanged since the last survey two years ago.

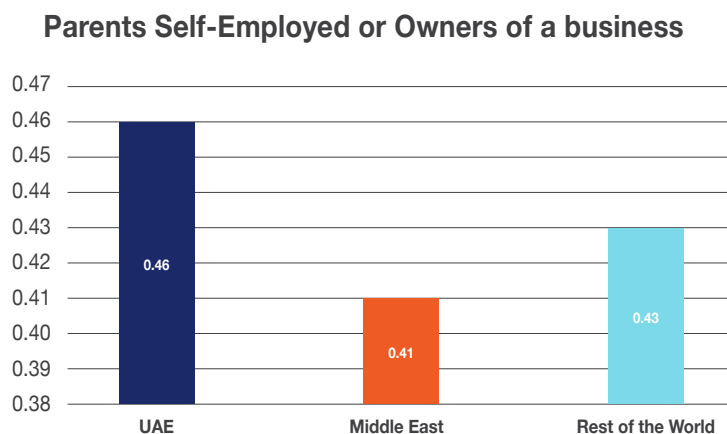
Overall, the results show that UAE students have a high potential for becoming entrepreneurs, but on the other hand, they are not very confident that they can control their lives and future business plans. This result is important for stakeholders interested in developing entrepreneurial spirit among undergraduate students. Policymakers and educational institutions should coordinate their efforts to develop the right incentives and educational approaches to increase students' locus of control.

4.2 Meso-Context (Family, Friends, and University)

The meso-context is formed by the close institutions in which students dwell: family, groups of friends, and university. To a certain extent, these three institutions can affect students' entrepreneurial intentions.

Taking business family background as a driver of entrepreneurial intentions, Figure 6 shows that most students in the UAE, Middle-East, and rest of the world have parents who are either self-employed or business owners (46%, 41%, and 43%, respectively).

Figure 6: Business family background as a driver of students' entrepreneurial intentions



INSTITUTIONAL PERSPECTIVE

by Prof. Dr. Maria Jade
Catalan-Opulencia from
the Ajman University

1. How does the Ajman University support the student entrepreneurial ecosystem in the UAE?

Ajman University (AU) supports the entrepreneurial ecosystem in the UAE through the Innovation Center Ajman (ICA). The mission of ICA is to foster entrepreneurship and innovation in the UAE by effectively involving all important stakeholders in addressing current industrial difficulties, market demands, government expectations, and societal needs. ICA strives to play a key role in the national economy's sustainable growth as well as to contribute to the achievement of the UAE Vision 2021.

The Idea Competition spearheaded by ICA is a yearly competition that invites the AU community from across the UAE to submit innovative ideas and projects. The competition is judged by a distinguished panel of industry experts and entrepreneurs. The participants include AU students and employees, external startups, and innovators.

2. What is the role that universities play in the student entrepreneurial ecosystem?

Ajman University's course on innovation and entrepreneurship was designed for the UAE based on Stanford University's decades of experience in driving innovation and entrepreneurship, which powered the Silicon Valley's innovation and fast growth. The course aims to provide the UAE's next generation of leaders with an innovative and entrepreneurial mindset as well as the basic skills that go with it. The course is divided into two modules that will be taught over a 16-week semester: 1) Design Thinking and 2) Entrepreneurship.

Demo Day featured AU students' unique and creative products as well as projects incubated at the center. It also brought together public and private sector innovators, entrepreneurs, and inventors to explore the newest trends in research, innovation, technology, creativity, and entrepreneurship.

The AU Innovation Center workshops are designed considering the growth strategy of startups. They focus on the actual needs of startups from the seed stage until incorporation. The workshops are conducted by internationally acclaimed speakers and industry specialists, providing the participants with valuable insights. These workshops and events are open for registration to all AU Students, alumni, and the external community.



Having family members who are business owners or are self-employed triggers entrepreneurial thinking. Students are exposed to an entrepreneurial environment from an early age, providing them with important skills such as the ability to manage uncertainty and risk. A student coming from an entrepreneurial environment would be more inclined to see entrepreneurship as a potential professional career after graduation compared with those who did not experience an entrepreneurial culture.

Regarding the small social circles that students are involved in, students from the UAE, Middle-East, and rest of the world rated the support of family, friends, and fellow students toward their entrepreneurial intentions as high. However, they believed that friends provided the most support in their entrepreneurial intentions (Figure 7).

Figure 7: Importance of social circles in supporting students' entrepreneurial intentions

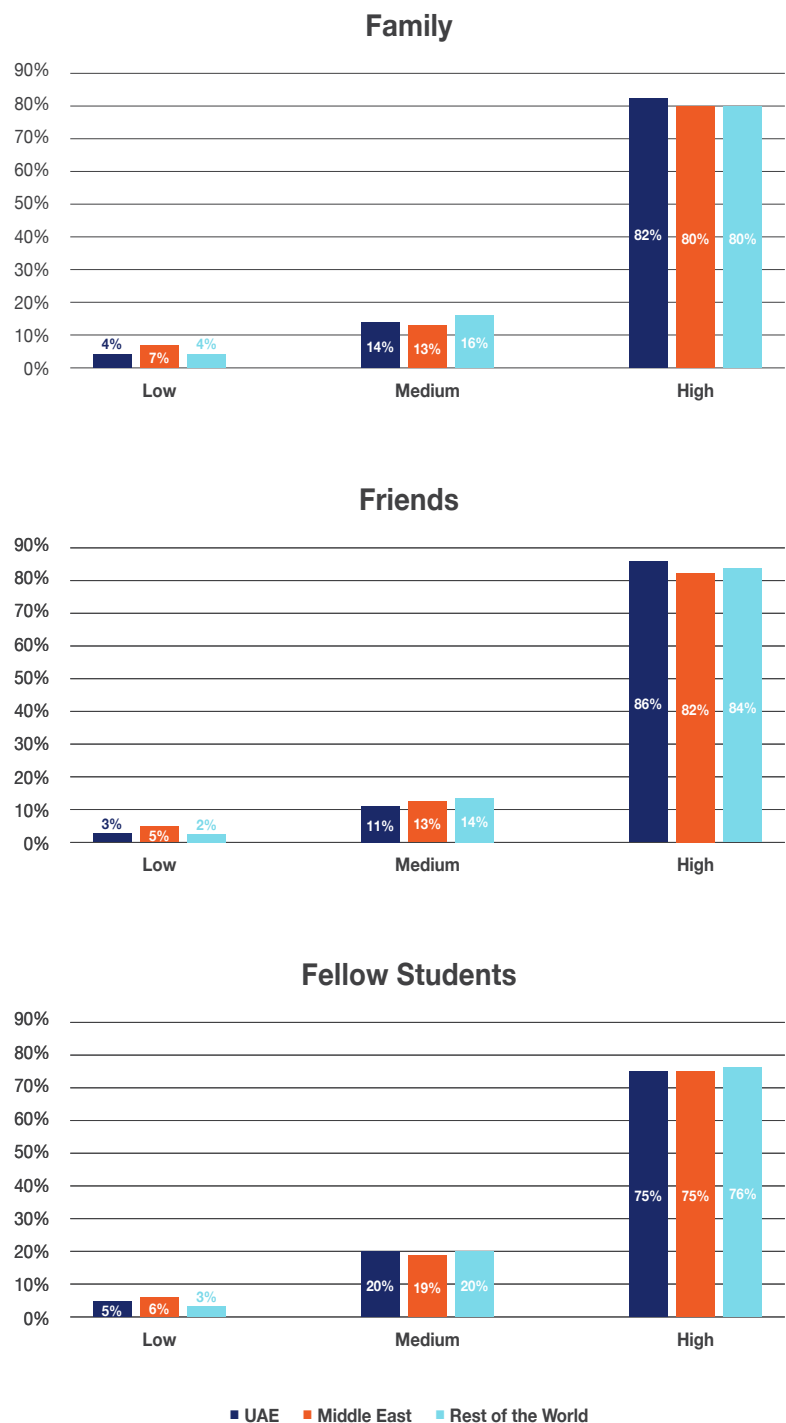
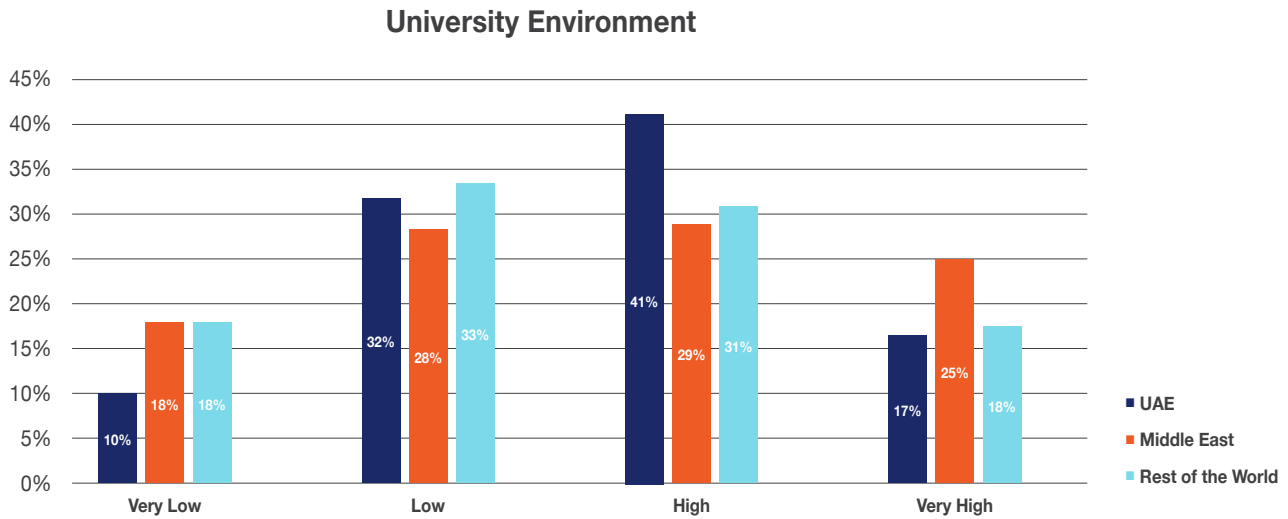


Figure 8: University environment as a driver of students' entrepreneurial intentions

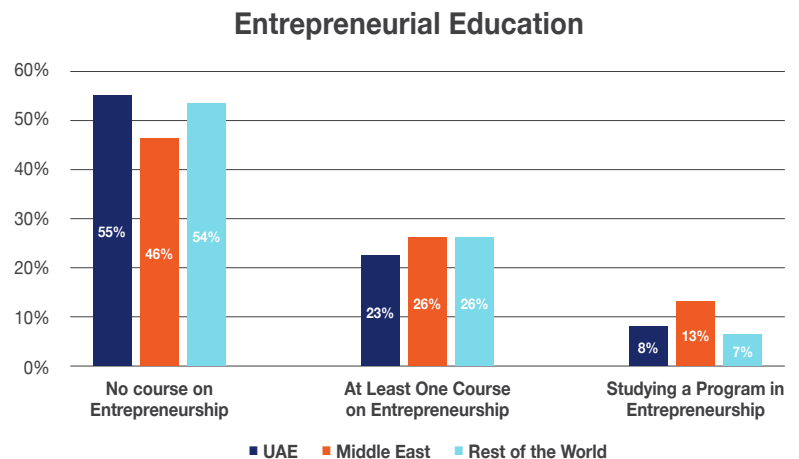


The university is another important institution that affects students' entrepreneurial intentions. While most of the students in the UAE believe that the university has a high (41%) or very high (17%) effect on their entrepreneurial intentions (Figure 8), those in the Middle-East and rest of the world consider that it has a low effect on their entrepreneurial intentions (29% and 25% and 31%, and 18%, respectively).

Even though universities are believed to be a driver of students' entrepreneurial intentions, students feel that these institutions can still do a lot more to provide experience, guidance, and support in their entrepreneurial journey. For example, most students in the UAE, Middle-East, and rest of the world (55%, 46%, and 54%, respectively) indicate that they have not taken any course on entrepreneurship in university (Figure 9).

The lack of university courses on entrepreneurship has been a persistent problem. The current results are very similar to those of the 2019 survey, indicating that universities have preferred to stick to a more traditional educational system instead of tweaking their educational programs to meet the future needs of the economy and market.

Figure 9: Percentage of students with different levels of entrepreneurial education



THE UAE'S EFFORTS IN IMPLEMENTING AN ENTREPRENEURIAL CULTURE

In terms of education, the UAE's policies are oriented toward implementing a system of developing entrepreneurship and innovation in higher education. For instance, it started a national program that aims to integrate entrepreneurship and innovation into the curriculum of higher educational institutions. This program was launched in 2015 in cooperation with Stanford University, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President, Prime Minister, and Ruler of Dubai. The program aims to prepare students for the changing needs of the job market, and expand their horizons to find innovative solutions to problems and challenges. The government has made entrepreneurship and innovation a mandatory joint course in the UAE's higher educational system.

THE DYNAMICS OF THE UAE ECONOMY

The UAE is ranked among the top 20 countries in 13 global competitiveness indices related to entrepreneurship in 2020. The International Institute for Management Development (IMD) World Competitiveness Yearbook ranked the UAE second in entrepreneurship, fourth in venture capital availability, and fifth in the growth of innovative enterprises index of the World Economic Forum's Global Competitiveness Report. In the IMD World Digital Competitiveness Rankings, the UAE ranked sixth internationally in business agility, venture capital, and investment capital. It was also placed sixth in the attitude toward entrepreneurial risk index, eighth in the time required to start a business index, ninth in the SMEs and capital cost indices, tenth in the corporate debt index, and eleventh in the total early-stage entrepreneurial activity index. The UAE's incredible record in entrepreneurship over the last year has helped it become one of the world's most innovative countries, thanks to an appealing and integrated legislative system as well as innovative initiatives and programs that encourage entrepreneurial projects and accelerate their growth, making them a major contributor to its non-oil GDP.



Nascent and Active Entrepreneurs

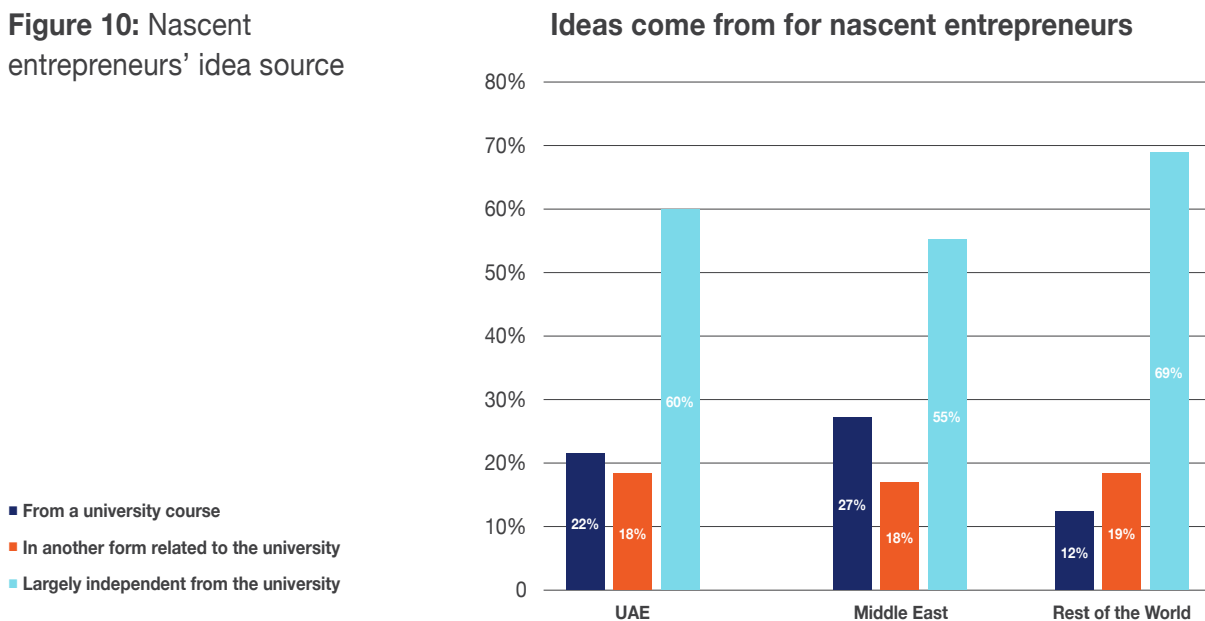
5.1 Nascent entrepreneurs

Students who intend to start their own businesses are known as nascent entrepreneurs. Most nascent entrepreneurs in the UAE, Middle East, and rest of the world are females (60%, 54%, and 54%, respectively).

When exploring the source of inspiration for nascent entrepreneurs, where they get their ideas from, and whether their universities inspired those ideas or not, Figure 10 shows that most nascent entrepreneurs in the UAE, Middle-East, and rest of the world (60%, 55%, 69% respectively) got their ideas largely independent from their university environment.

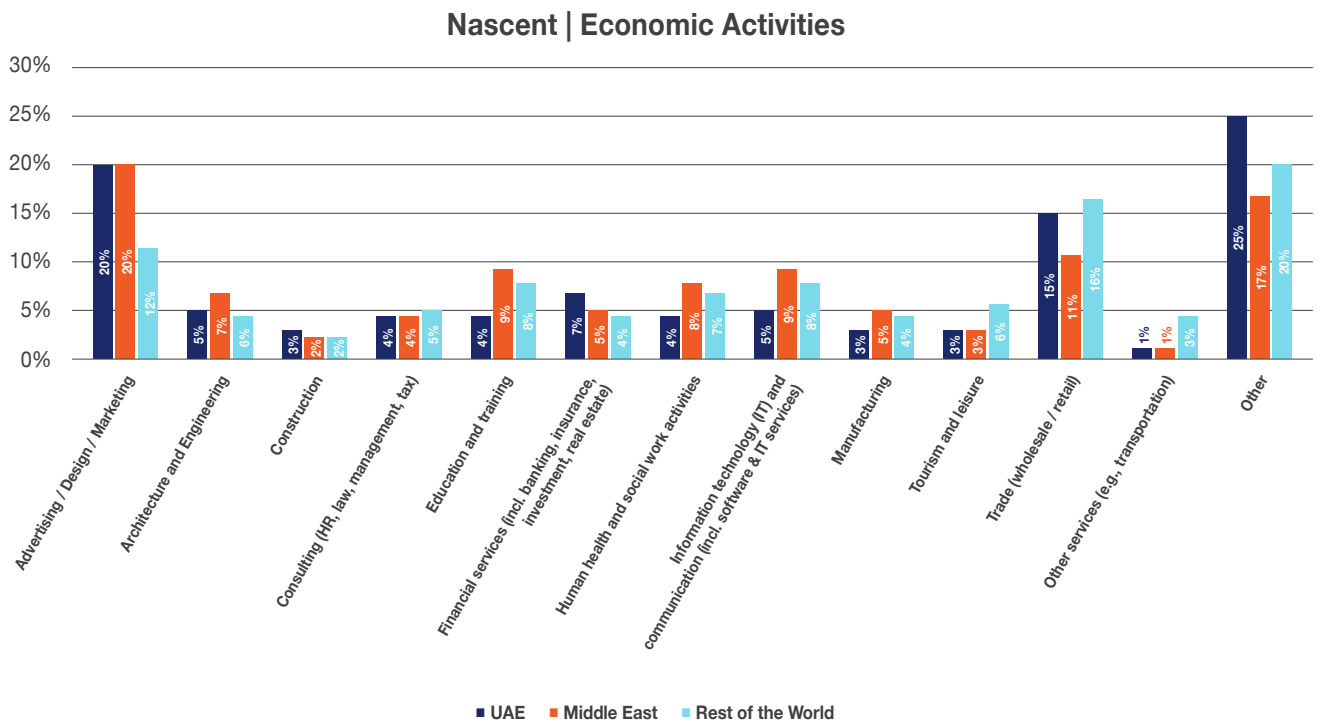
The UAE's university environment is not supportive of potential entrepreneurs. Universities have not adjusted their educational programs to address the need to develop entrepreneurial skills and capabilities among undergraduates, and have failed to create an entrepreneurial ecosystem to support, encourage, and expand ideas as sources of business opportunities.

Figure 10: Nascent entrepreneurs' idea source



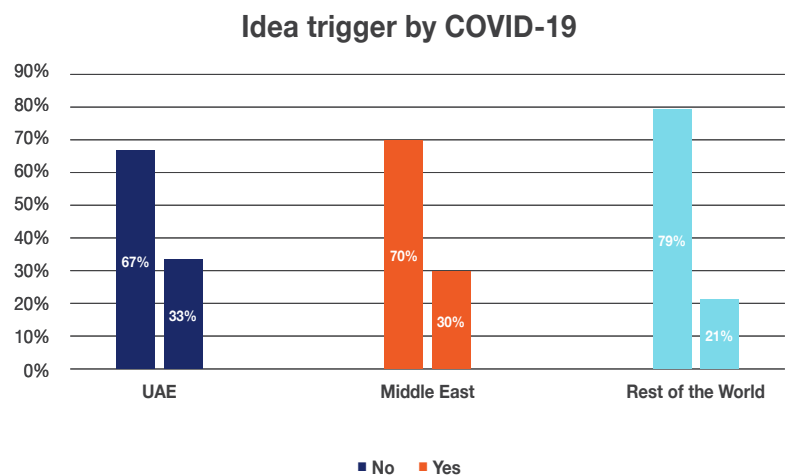
Most nascent entrepreneurs in the UAE plan to start a business in the advertising and trade sectors (Figure 11). The country's fast-paced economic development and high domestic consumption have made the trade sector an attractive option for nascent entrepreneurs. While 20% and 15% of nascent entrepreneurs in the UAE plan to start their business in the advertising and trade sectors, respectively, it is 20% and 11%, respectively, in the Middle-East, and 12% and 16%, respectively, in the rest of the world. The number of UAE nascent entrepreneurs planning to start a business in advertising has increased by 70% compared with the 2019 survey, while those planning to start a business in trade has decreased by 33%.

Figure 11: Percentage of nascent entrepreneurs in different economic activities



As illustrated in Figure 12, the COVID-19 pandemic has triggered entrepreneurial ideas in students, and prompted them to become nascent entrepreneurs. The effect has been higher in the UAE and Middle-East, where 33% and 30% of the surveyed nascent entrepreneurs, respectively, indicated that the pandemic pushed them toward developing entrepreneurial ideas.

Figure 12: Percentage of nascent entrepreneurs' ideas triggered by COVID-19



INSTITUTIONAL PERSPECTIVE

by Najla Ahmed Al Midfa,
Chief Executive Officer,
Sharjah Entrepreneurship
Center (Sheraa)

1. What is Sheraa's role in supporting the entrepreneurial ecosystem in the UAE, specifically in Sharjah?

Launched in 2016, the Sharjah Entrepreneurship Center (Sheraa) is a government entity with a mandate to develop the entrepreneurial ecosystem in Sharjah, and support founders as they build businesses that serve as engines of socio-economic progress. Leveraging Sharjah's position as a leading hub for education, arts, and publishing, Sheraa is leading the emirate's efforts to build a world-class entrepreneurial ecosystem that produces globally competitive and fast-growing companies with a focus on impact.

Inspired by the vision of His Highness Sheikh Dr. Sultan bin Muhammad Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, to empower the youth to drive change, and under the guidance of Sheikha Bodour Al Qasimi, Chairperson of Sheraa, Sheraa is cultivating a pipeline of future changemakers in the emirate.

We have developed a full suite of programs to inspire and support founders from the idea stage through to growth, such as the Sharjah Startup Studio, which works with founders to validate their idea, build their product, find product-market fit, and launch into the market.

Through our two hubs in the American University of Sharjah, and the University of Sharjah, we are able to empower and upskill aspiring young entrepreneurs through workshops, bootcamps, and mentorship. At our flagship annual event, the Sharjah Entrepreneurship Festival, we bring together leading regional and international entrepreneurs to inspire and nurture the talent in the UAE and bring together a community of changemakers. We have also formed strong partnerships with both private sector companies and government entities to further enhance the connectivity and cohesiveness of the ecosystem.

Sheraa has incubated over 114 startups since its launch in 2016, raising over \$87 million in investments, creating over 1,300 jobs, and generating over \$130 million in cumulative revenues. Notably, 48% of Sheraa-supported startups are led by females, driving the emirate's efforts at economic diversification.

2. What challenges does Sheraa face when developing the entrepreneurial ecosystem in the UAE?

When servicing entrepreneurs, ecosystem builders quickly realise that the work never ends. Founders work at a rapid pace, and it our job to make sure that we respond to their needs and match their pace in order to truly support their success.

At Sheraa, founders are at the heart of everything we do. Our entire mission is based on the premise that entrepreneurship has the power to change the world for the better, and it is entrepreneurs that will help lead that charge. To that end, all our offerings are developed with their needs in mind, and we continuously seek to incorporate their feedback and expand our programs accordingly.

Of course, we also recognize that no ecosystem can be developed in a silo, and we therefore take a similar approach with our corporate and government partners. We work closely together to develop initiatives and programs that will move the needle towards a vibrant startup hub in the emirate.

Through our work with our university and education partners, we are also building a strong pipeline of worldclass talent that can go on to further elevate the ecosystem. By building an entrepreneurial mindset from a young age, we're able to encourage recent graduates to look at entrepreneurship as a viable career path.

3. How would you compare the entrepreneur ecosystem in the UAE to that in the US?

Comparing the UAE and US ecosystems is not feasible. For over 40 years, Silicon Valley has been a hub for startup technologies while higher education in the US has accelerated the workforce and economy for centuries. The startup ecosystem in the UAE is still at a nascent stage compared with the US. Yet, the goal of innovation in the UAE is not to imitate Silicon Valley, but to leverage local resources that meet the unique needs of our founders and markets. There is no one-size-fits-all entrepreneurial ecosystem. With that perspective, the UAE has its advantages.

Our entrepreneurial ecosystem plays a key role in boosting the economic growth and innovation index of the nation. The country's supportive policies—the National Innovation Strategy, which aims to make the UAE one of the most innovative nations in the world in the short term; or the UAE Centennial Plan, which aims to make the UAE the best country in the world by 2071 for instance, have further accelerated startup growth.

The UAE government plays a significant role in setting policies, regulating social and economic mechanisms, and driving both the academia and industry through funding and other support mechanisms. Thus, it is an essential player in national economic growth, driving the market and GDP.

The UAE's efforts in bolstering access to the resources entrepreneurs need and building a pipeline of worldclass talent is laying the foundation for a strong and effective ecosystem. We are already ranked number one in the region and fourth globally, and we are confident that it is just a matter of time before the UAE achieves the number one position globally.



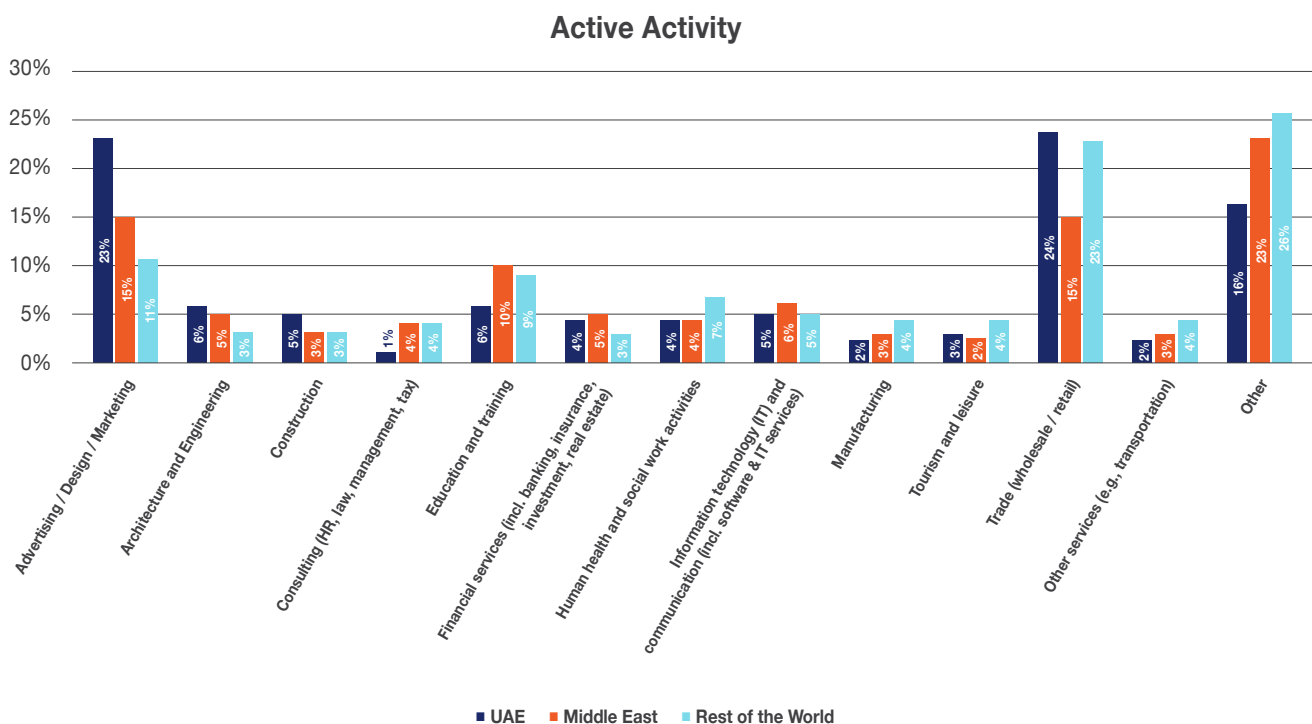
5.2 Active Entrepreneurs

Active entrepreneurs are students who have already started new businesses and are currently running and developing them. Regarding gender distribution, there is an equal distribution between men and women who are active entrepreneurs. In the previous section, we highlighted that in the UAE, most nascent entrepreneurs were females (60%); this percentage dropped when considering the distribution of active entrepreneurs (47%). The difference could be interpreted as evidence of the difficulties faced by women in converting their ideas into real opportunities. Females have potential, intentions, and ideas for starting a business, but they seem to get stuck in the entrepreneurial process.

Figure 13 shows the economic sectors in which active entrepreneurs started their businesses. Most set up their businesses in the advertising and trade sectors. In the UAE, 23% and 24% of active entrepreneurs have businesses in the advertising and trade sectors, respectively, while in the Middle-East, the percentage is almost 15% for both sectors, and in the rest of the world, it is 11% and 23%, respectively.

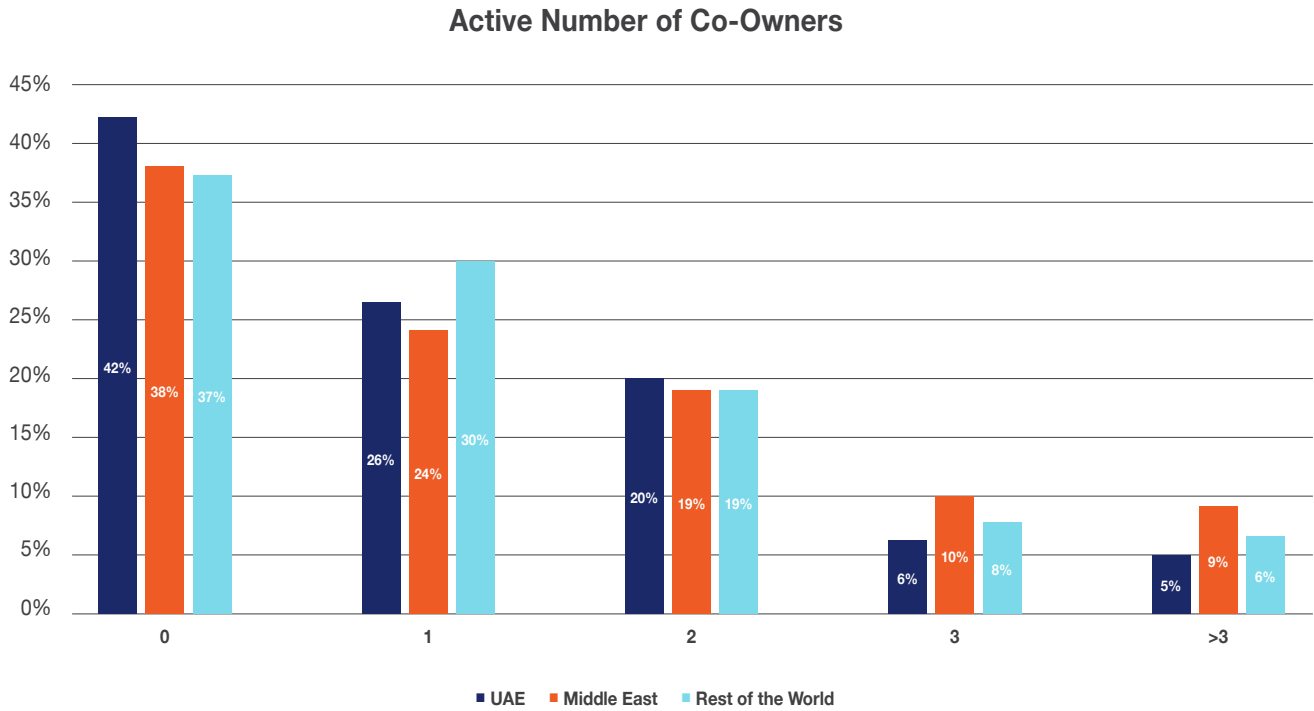
Considering the UAE's position as a global commercial center for the region and the world, and the resulting growth of the creativity industry, it was expected that both advertising/marketing and trade would be considered as important sectors for business and attractive options for entrepreneurs. The UAE hosts a cluster of international firms and start-ups in these two sectors, competing or collaborating in the local, regional, and international markets.

Figure 13: Percentage of active entrepreneurs in different economic activities



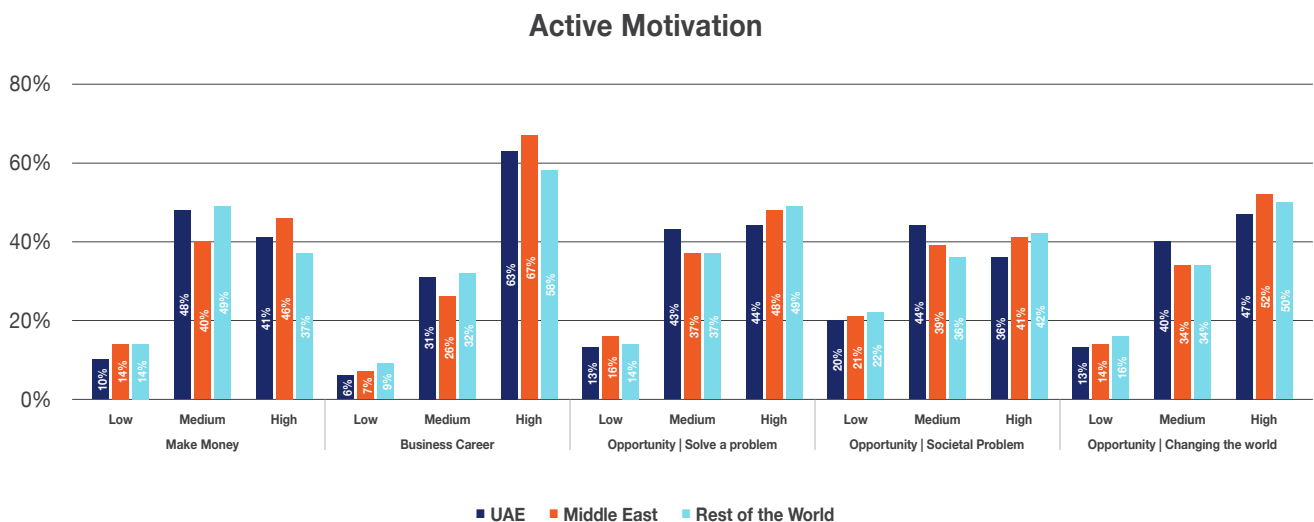
Active entrepreneurs were asked whether they started their business on their own or had a co-owner. Most of the active entrepreneurs in the UAE, Middle-East, and rest of the world (42%, 38%, and 37%, respectively) started their business on their own; while 26%, 24%, and 30% had only one co-owner, and 20%, 19%, and 19% had two co-owners, respectively (Figure 14). A small percentage of active entrepreneurs had more than two co-owners.

Figure 14: Percentage of active entrepreneurs with different number of co-owners



Active entrepreneurs were asked what motivated them to start their business. The highest motivator in the UAE, Middle-East, and rest of the world (63%, 67%, and 58%, respectively) was the goal of having a career in business (Figure 15) rather than making money. This shows how the new generation of students views entrepreneurship as a professional career option. Entrepreneurship has gained legitimacy in today's economies.

Figure 15: Importance of different goal motivators for active entrepreneurs



INSTITUTIONAL PERSPECTIVE

by Associate Prof.
Dr. Tahseen Answer Arshi
from the American
University of Ras Al
Khaimah

1. How does AURAK contribute to the existing student entrepreneurial ecosystem?

The American University of Ras Al Khaimah (AURAK) has implemented several strategies to create a student entrepreneurial ecosystem. First, the Innovation Center for Entrepreneurship (ACE) in the Business School has collaborated with the Innovation Center (ICONET) in the Engineering School to make an Entrepreneurial Hub (EB). EB is open for incubating students and alumni startups. The incubated startups within EB act as role models for other students who aspire to launch startups. These students are encouraged to spend some time at the incubated startups to learn about entrepreneurial venturing, risks, and innovation. Second, EB offers students and community startups a free Business Plan Evaluation Service through a patented software that allows quantitative evaluation of several startup parameters. Furthermore, ACE has developed a Knowledge and Innovation Transfer Entity (KITE) to bridge the gap between the academia and industry, and facilitate corporate innovation. Finally, students doing the innovation and entrepreneurship course engage in co-curricular activities, such as entrepreneurship simulation games, that help create an entrepreneurial mindset.

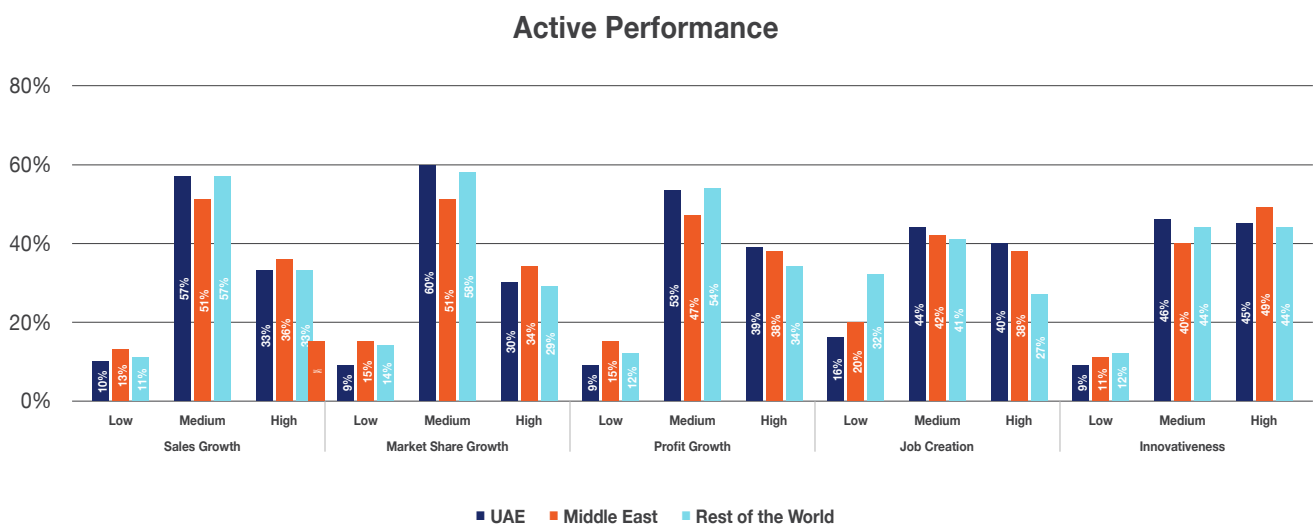
2. What are the main challenges for developing entrepreneurial education?

The main challenges in developing entrepreneurial education are related to the characteristics of entrepreneurship itself. First, the practical nature of entrepreneurial education may not fit well with some academically rigorous courses. Second, the skillset for entrepreneurial education (such as creativity) is quite distinct and must be simultaneously developed for effective entrepreneurial education. Finally, in the absence of focused dedication to take up an entrepreneurial career, motivating students to take up the entrepreneurship course becomes seriously challenging.



Figure 16 shows the business performance of active entrepreneurs by considering the dimensions of sales growth, market share growth, profit growth, job creation, and innovativeness. Most active entrepreneurs in the UAE have considered their superior performance in terms of innovativeness and job creation. The number of UAE active entrepreneurs who gave a high rating to the job creation category increased by 24% compared with the 2019 survey, while the number of active entrepreneurs who gave a high rating to innovativeness increased by 12%.

Figure 16: Performance of active entrepreneurs



Demographic Information and an Overview of the Sample

The GUESSS survey was answered by more than 208,000 students (male and female) from 3,000 universities in 54 countries across the world. The students surveyed belonged to different university majors. As shown in Figure 17, most students who answered the survey in the UAE, Middle-East, and rest of the world were women (66%, 59%, and 61%, respectively).

Figure 17: Sample distribution based on gender

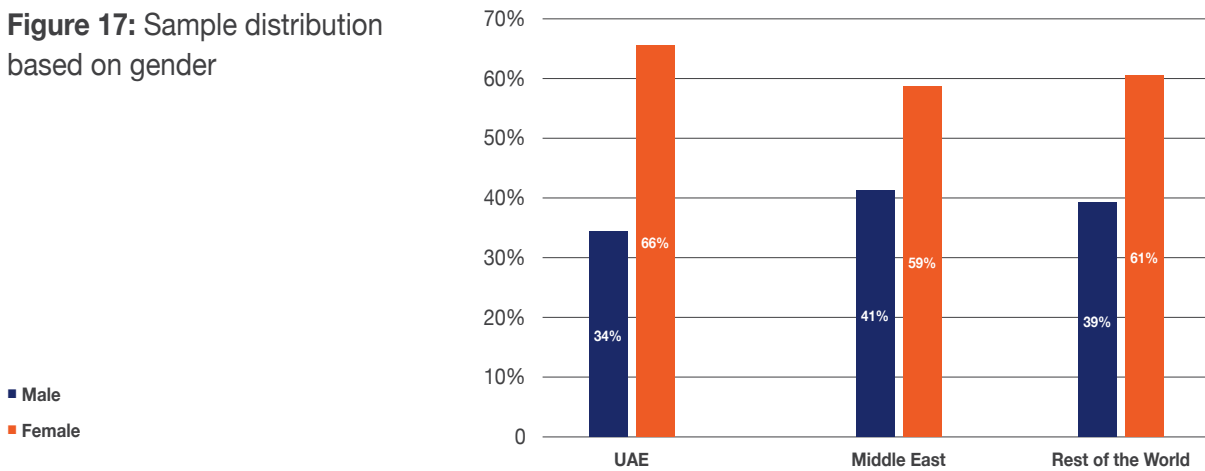


Figure 18 shows the university majors of the students surveyed. Most of the surveyed students in the UAE, Middle-East, and rest of the world were business or economics students (46%, 28%, and 27%, respectively). The second-ranked major was in engineering, with percentages of 19%, 15%, and 18% in the UAE, Middle-East, and rest of the world, respectively.

Figure 18: Sample distribution based on university major

